DRAFT

Report of the Board of Directors

11 September 2007

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1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 First-half

- Share issue and signature of an addendum to the shareholders' agreement

In first-half 2007, new shares were issued with pre-emptive subscription rights for existing shareholders. The issue was approved by shareholders at an Extraordinary General Meeting held on 22 November 2006 and was carried out in January of this year. The Extraordinary General Meeting also voted a €7 million employee share issue. Prior to this, on 8 January 2007, the main shareholders of CNP Assurances signed an addendum to their amended 1998 agreement, extending it until 31 December 2015. The share offer was launched the same day and was an outstanding success, with investors applying for some €1.3 billion worth of shares, representing 1.85 times the planned amount of the issue. The gross issue proceeds amounted to €699,613,108.65. Caisse des Dépôts et Consignations and Sopassure both took up their share of the issue. The issue had the effect of increasing the number of outstanding shares to 148,537,823.

- Completion of the Ecureuil Vie acquisition

On 20 February 2007, CNP Assurances completed the acquisition of Groupe Caisse d'Épargne's 49.9% stake in Écureuil Vie. The transaction was referred to in the letter of intent covering Caisse des Dépôts et Consignations' withdrawal from the capital of Caisse Nationale des Caisses d'Épargne (CNCE) and was completed on the terms agreed between CNP Assurances and CNCE, as approved by their respective Supervisory Boards on 14 September and 10 October 2006. As agreed, the acquisition price of €1,406 million was adjusted to take into account the impact of changes in the financial markets on Écureuil Vie's NAV. The price adjustment, which was calculated on 16 February, led to a final acquisition price of €1,404.782 million. CNP Assurances and Groupe Caisse d'Épargne will continue to develop innovative personal insurance solutions through the Écureuil Vie product family and will set up a joint subsidiary to provide sales and marketing support and training to the Savings Banks networks, in order to promote Écureuil Vie product sales. The acquisition was financed through a share issue and a deeply subordinated debt issue.

- Completion of acquisition of 94% of Skandia Vida in Spain

As announced on 20 December 2006, and after obtaining regulatory approval in Spain, on 4 April CNP Assurances completed the acquisition of 94% of Spanish insurer Skandia Vida S.A. de Seguros y Reaseguros ("Skandia Vida") from Skandia Insurance Company Ltd, a subsidiary of Old Mutual plc, for €79.2 million. Skandia Vida has been renamed CNP Vida.

The Group's entry in the Spanish individual life insurance market is in line with its international growth strategy focused on Southern Europe, where CNP Assurances is already present in Italy and Portugal.

- Annual General Meeting and Supervisory Board Meeting of 25 April 2007

After approving the financial statements, the appropriation of profit and the recommended dividend of €2.30 per share, shareholders re-elected seven Supervisory Board members whose terms expired at the Meeting and elected a new member nominated by Caisse des Dépôts et Consignations, as provided for in the addendum to the shareholders' agreement signed on 8 January 2007.

The new Supervisory Board re-appointed Edmond Alphandéry as Chairman and Jean-Paul Bailly, Chairman of La Poste, as Vice Chairman. The Supervisory Board also re-appointed the existing Executive Board members, whose terms all expired at the General Meeting.

During the Annual General Meeting, Edmond Alphandéry, the Chairman of the Supervisory Board, announced that CNP Assurances' main shareholders – Caisse des Dépôts et Consignations, the French State and Sopassure, the holding company for the interests held by La Poste and Groupe Caisse d'Épargne – planned to propose replacing the Company's two-tier corporate governance structure with a Board of Directors. Shareholders approved this change at an Extraordinary General Meeting held on 10 July (see 1.2.1).

1.2. Subsequent events

1.2.1 Events occurring after 30 June 2007

- Change in governance system

At the Extraordinary General Meeting of 10 July, shareholders approved a change in the Group's governance system, replacing the Executive Board and Supervisory Board with a Board of Directors. The Board of Directors appointed Edmond Alphandéry as Chairman and Gilles Benoist as Chief Executive Officer.

- Change in ownership structure

In accordance with the terms of the 8 January 2007 addendum to the shareholders' agreement allowing Caisse des Dépôts et Consignations (CDC) to increase its interest in CNP Assurances to 40%, on 10 July CDC purchased CNP shares on the market, raising its interest to 39.21%. Following this transaction, Sopassure (the holding company for the interests held by La Poste and Groupe Caisse d'Épargne) held 35.48% of the capital and the French State held 1.09%.

1.2.2 Credit market environment

In July, the sub-prime mortgage crisis in the United States caused an upset in the financial markets, with major consequences for the credit and collateralised debt obligation (CDO) markets. CNP responded immediately by publishing details of its risk exposure. The information consists of unaudited management reporting data.

CNP's total exposure to CDO risk is €2.5 billion, or roughly 1% of consolidated assets. The Group does not have any direct exposure to the US sub-prime market. Its identifiable indirect exposure to the US sub-prime market (through funds of funds) is less than €10 million. The CDOs in the portfolio are rated AAA (44%), AA (20%), A (13%), BBB (21%) and non-investment grade (2%). They consist essentially of managed investment-grade CDOs backed by corporate debt obligations.

- Of the 2.0% not rated investment grade, just under half consist of CLOs, for which 90% of the principal at maturity is secured by zero-coupon government bonds.
- The 21.4% rated BBB (€535 million) include:
    - 21.0% (€525 million) without any exposure to a loss of capital (AAA or AA rating). The Group's exposure on these CDOs only concerns interest payments, which are indexed to the CDO's performance. There is no risk of losing the initial investment.
    - 0.4% (€10 million) with a tranche rated AA by S&P and Baa2 by Moody's.
- The 12.9% rated A (€322 million) include:
    - 6.2% (€155 million) without any exposure to a loss of capital (AAA or AA rating). The Group's exposure on these CDOs only concerns interest payments, which are indexed to the CDO's performance. There is no risk of losing the initial investment.
    - 0.9% (€22 million) comprise a tranche rated AAA by S&P and A2 by Moody's.

2 MARKET AND BUSINESS REVIEW

2.1 Economic environment

In the first half of 2007, the fixed income markets fell sharply, reflecting renewed fears of inflation and investor uncertainty regarding future central bank monetary policy. The European Central Bank's benchmark rate was raised several times, reaching 4% as of 6 June 2007. This drove up market interest rates, with the 10-year OAT rate reaching 4.6% at the end of June and the 3-month Euribor climbing 45 bps over the period to 4.1%. At the same time, the French stock market gained 9.26%, lifting the CAC 40 index to above the 6,000 mark, despite a cooling-off period triggered by the fall in the Shanghai stock market in February and concerns generated by the sub-prime mortgage crisis in the United States. The stock market was buoyed by numerous rumours and announcements of mergers and acquisitions, as well as by an abundance of cash. In the currency markets, the euro gained 2.48% against the US dollar, while the Brazilian real rose 2% against the euro, directly impacting Caixa Seguros's contribution to consolidated revenue and earnings.

Financial market indicators at 30 June 2007

	30/06/06	29/12/06	30/06/07
CAC40	4,965.96	5,541.76	6,054.93
Eurostoxx50	3,648.92	4,119.94	4,489.77
3-month Euribor	3.056%	3.725%	4.175%
10-year OAT	4.071%	3.987%	4.613%
€1 in $ (period-end rate)	1.271	1.317	1.350
€1 in BRL (period-end rate)	2.768	2.814	2.598
€1 in BRL (average rate)	2.765	-	2.711

2.2 Regulatory and tax environment

Until April 2007, French insurance regulations specifically excluded loan insurance policies from the basis for calculating policyholder dividends. The regulations have since been changed to include loan insurance in the basis of calculation. However, as the share of profit allocated to policyholders by CNP Assurances already exceeds the regulatory minimum, application of the new system is expected to have only a very limited impact on the Group's earnings.

2.3 Business Review

Preliminary comment:
The acquisition of Skandia Vida – renamed CNP Vida – was completed on 4 April 2007 and this company has therefore been consolidated from 5 April.

Consolidated premium income

Premium income for the first half of the year amounted to €17,397.5 million, up 6.7% on a reported basis and 6.4% like-for-like (excluding CNP Vida in Spain, which has been consolidated from 5 April 2007).

Technical reserves (excluding deferred participation) rose by around 10% compared with 30 June 2006, on an annualised basis.

According to estimates published by the industry federation (FFSA), the French savings and pensions market as a whole contracted by 3% in first-half 2007 compared with the year-earlier period, to €73.4 billion, with net new money down 19% to €32.8 billion. The decline was due to lower transfers from PEL home-savings accounts and was expected. During the period, around €13 billion was withdrawn from these accounts, of which some €4 billion was reinvested in life insurance down from €7.5 billion in the first six months of 2006. In addition, new money invested in unit-linked products contracted by around 3%, after two years of exceptional growth which saw gains of 53% in 2005 and 45% in 2006.

CNP Assurances significantly outperformed the French market, with savings and pensions revenue up by around 6% compared with first-half 2006. This performance was in line with the 4% growth reported by the traditional insurance networks and contrasted very favourably with the 7% decline observed in the bancassurance segment. Two factors explain CNP Assurances' market-beating performance. First, the Company's basis of comparison was lower than that of the market as a whole, because only one of its three networks – the Savings Banks – benefited from transfers from PEL home-savings accounts during first-half 2006. Second, conversions of non-unit-linked contracts into combined contracts ("Fourgous transfers") remained high in first-half 2007, leading to the recognition of €1,499 million in premium income. Net new money was down 16%.

Lastly, CNP Assurances bucked the trend in the French unit-linked market, recording a strong 10.2% increase in unit-linked sales to €2,268.7 million under IFRS (€2,389 million under French GAAP). Including international subsidiaries, total unit-linked sales came to €4,199.5 million, an increase of 11.5% over the year-earlier period.

By business segment

Period-on-period change

The table below shows the change in first-half premium income by business segment, under IFRS:

IFRS					
Premium income (in € millions)	**First-half 2007**	**First-half 2006**	**% change**	**First-half 2007 Like-for-like (1)**	**% change Like-for-like**
Savings	14,153.9	13,216.6	+ 7.1	14,123.2	+ 6.9
Pensions	968.3	1,040.6	- 6.9	961.1	- 7.6
Personal Risk(2)	782.0	721.8	+ 8.3	780.7	+ 8.2
Loan Insurance	1,162.1	1,029.7	+ 12.9	1,161.0	+ 12.8
Health Insurance	160.8	148.7	+ 8.1	160.8	+ 8.1
Property & Casualty	170.4	154.5	+ 10.3	168.5	+ 9.1
TOTAL	**17,397.5**	**16,311.9**	**+ 6.7**	**17,355.3**	**+ 6.4**

Premium income in Spain includes CNP Vida only in the second quarter.

(1) Based on exchange rates at 30 June 2006.

(2) CNP Capitalia Vita premiums of €2.8 million in first-half 2006 have been reclassified from "Personal Risk" to "Loan Insurance" (compared with first-half 2006 reported figures).

Average exchange rates for Brazil:

30 June 2007	€1 = BRL 2.71148
30 June 2006	€1 = BRL 2.76485

Loan insurance, property & casualty and personal risk were the fastest-growing classes of business. CNP Vida, the new Spanish subsidiary, contributed premium income of €31.8 million in the second quarter of 2007, including €30.5 million reported under Savings and €1.2 million under Pensions.

The **Savings** business recovered momentum in the second quarter, increasing by 8.5%. This lifted the first-half growth rate to 7.1%, including like-for-like growth of 6.9%.

CNP Vida, the new Spanish subsidiary, contributed €30.5 million.

Pensions revenues contracted by 6.9% to €968 million, primarily reflecting lower sales of group pension products to mutual insurers, companies and local authorities in France.

Revenues from personal pension products launched in France since 2004 amounted to €218 million, including €63 million from Perp contracts and *Solésio Préfon*.

Personal Risk premium income for the period amounted to €782 million under IFRS, up by a strong 8.3%.

In France, sales of personal risk products by La Banque Postale through Assurposte surged by 88% to €92 million.

Loan Insurance premiums rose 12.9% to €1,162.1 million. Excluding the currency effect, growth was 12.8%.

In France, the loan insurance business enjoyed sustained growth, with premiums up 8.5%.

Loan insurance written outside France on behalf of Cofidis, under a partnership set up in 2003, amounted to €41.5 million in first-half 2007, up 26.5% over the year-earlier figure.

The loan insurance branches in Italy and Spain, which began operations in 2005, contributed €33.8 million in premiums for the period, an increase of 31.5% compared with first-half 2006.

Health Insurance premium income rose 8.1% to €160.8 million.

Property & Casualty premiums came to €170.4 million in first-half 2007, an increase of 10.3% on a reported basis and 9.1% excluding the currency effect. The total breaks down as €70.8 million in premiums written in Portugal and €99.6 million in Brazil.

By country and partner network

FIRST-HALF CONSOLIDATED PREMIUM INCOME
BY PARTNERSHIP CENTRE

	IFRS			French Gaap		
	First-half 2007 €m	**First-half 2006** €m	**% change**	**First-half 2007** €m	**First-half 2006** €m	**% change**
La Banque Postale (3)	6,505.5	5,197.2	+ 25.2	6,510.2	5,203.2	+ 25.1
Savings Banks	6,095.2	6,510.7	- 6.4	6,097.1	6,513.8	- 6.4
CNP Trésor	454.7	490.0	- 7.2	467.9	506.0	- 7.5
Financial institutions France (1)	682.3	613.7	+ 11.2	682.3	613.7	+ 11.2
Mutual insurers	377.7	443.7	- 14.9	377.7	443.7	- 14.9
Companies and local authorities (3)	803.0	848.2	- 5.3	903.2	939.7	- 3.9
Other	44.4	93.9	- 52.7	44.4	93.9	- 52.7
TOTAL France	**14,962.8**	**14,197.4**	**+ 5.4**	**15,082.8**	**14,313.9**	**+ 5.4**
Global (Portugal)	88.0	90.4	- 2.7	88.0	90.4	- 2.7
CNP Seguros de Vida (Argentina) (2)	2.4	1.8	+ 33.3	2.4	1.8	+ 33.3
CNP Vida (Spain)	31.8	-	n.m.	31.8	-	n.m.
Caixa Seguros (Brazil) (2)	550.7	470.3	+ 17.1	675.2	564.2	+ 19.7
CNP Capitalia Vita (Italy)	1,686.5	1,493.4	+ 12.9	1,781.0	1,539.9	+ 15.7
Financial institutions outside France	41.5	32.8	+ 26.5	41.5	32.8	+ 26.5
Branches	33.8	25.7	+ 31.5	33.8	25.7	+ 31.5
Other (outside France)	0.1	0.1	+ 0.0	0.1	0.1	+ 0.0
TOTAL International	**2,434.8**	**2,114.4**	**+ 15.2**	**2,653.8**	**2,254.9**	**+ 17.7**
TOTAL	**17,397.5**	**16,311.9**	**+ 6.7**	**17,736.6**	**16,568.8**	**+ 7.0**

(1) Excluding Cofidis outside France.
(2) Average exchange rates:
Argentina: €1 = ARS 4.1478
Brazil: €1 = BRL 2.71148
(3) After reclassifying €11.3 million from “La Banque Postale” to “Companies and local authorities”.

France

Premium income in France totalled €14,962.8 million, an increase of 5.4% over first-half 2006. New money invested in savings and pensions products rose 6% under French GAAP, while net new money declined 16% to just under €6 billion. The Company’s market-beating performance was sustained by the recognition in revenue of so-called “Fourgous” transfers (corresponding to conversions of non-unit-linked contracts into combined contracts).

These transfers, which began late in the second quarter of 2006, accounted for €1,499.1 million in premium income in first-half 2007, of which 25% was classified as unit-linked. In addition, the transfers led to around €870 million in top-up premiums.

In all, unit-linked revenues totalled €2,268.7 million, representing a strong 10.2% increase over first-half 2006 that contrasted favourably with the 3% decline in the French unit-linked market over the same period. The three networks’ combined unit-linked sales represented 17.7% of total savings and pensions revenue for the first six months of the year.

Premium income generated by **La Banque Postale** rose by 25.2% in the first half, to €6,505.5 million. This excellent performance was attributable to Fourgous transfers, which amounted to €1,056.6 million, and to the estimated €760 million in associated top-up premiums. Even without these transfers, growth remained high compared with the French market at 4.8%.
Unit-linked sales grew 38.5% to €860.5 million, representing 13.5% of total savings and pensions new money. Total pensions revenue generated by La Banque Postale grew 19.4%. Sales of personal risk contracts by Assurposte rose sharply by some 88% to around €92 million (of which CNP's share is 50%). Loan insurance premiums were 12.2% higher, at €33.2 million.

The **Savings Banks**' generated premium income of €6,095.2 million in first-half 2007, a decline of 6.4% from the year-earlier period, which represented a high basis of comparison with premiums up 20.6%, led by transfers from PEL home-savings accounts for an estimated €600 million. These transfers continued in the first six months of 2007, but at a far slower rate with most of the new money concentrated in the first quarter. In addition, €333 million in Fourgous transfers were recorded, of which 28.5% was classified as unit-linked, along with an estimated €70 million in top-up premiums. The high-end *Nuances Plus* and *Nuance Privilège* products went from strength to strength, with premiums up 29% and 15% respectively. In all, the unit-linked weighting increased slightly compared with end-2006, to 21.9%, representing €1,289.5 million in new money. Personal risk premiums expanded 6%, led by the new *Urgence* formula, while loan insurance premiums were up 6.5% at over €175 million.

Campaigns to promote the network's savings offerings (*Nuances* and *Initiative Transmission*) were organised in June-July 2007.

The **CNP Trésor** network generated premium income of €454.7 million in the first half of 2007, down 7.2% compared with the year-earlier figure, which included €58 million in Fourgous transfers. The campaign to promote Fourgous transfers, which ended in April 2007, led to the recognition of €109.1 million in premiums, of which 30.2% was classified as unit-linked, along with €35 million in top-up premiums. Unit-linked sales – which nearly doubled in first-half 2006 – amounted to €93.5 million, representing 21.3% of total savings and pensions revenue generated by the network. During the first six months of the year, the entire salesforce participated in deploying a new customer relationship management system that will be fully operational in the second half.

The **Financial Institutions** partnership centre contributed premium income of €682.3 million, an increase of 11.2%.

The **Mutual Insurers** partnership centre's contribution to premium income for the first six months of the year amounted to €377.7 million, a decline of 14.9% from first-half 2006, which represented a high basis of comparison with premiums up 27.6% due to the signature of a major contract with an €84-million single premium.

Premium income from sales to **Companies and Local Authorities** dipped 5.3% to €803 million, on the back of a sharp rise in first-half 2006.

Premium income from **Other Development Initiatives in France**, including direct sales and sales by other networks, amounted to €44.4 million.

International

Operations outside France contributed €2,434.8 million to first-half 2007 premium income, representing an increase of 15.1% over the year-earlier period. On a like-for-like basis, their contribution rose 13.2% to €2,392.5 million.

Europe

➢ **Italy – CNP Capitalia Vita**

The Italian life insurance market expanded 2% in first-half 2007. Growth was led by the bancassurance segment (up 4%) and the financial advisor segment (up 19%), while the agent networks saw their business contract by a further 16%.

CNP Capitalia Vita once again outperformed its competitors in the bancassurance segment with revenue up 12.9% to €1,686.5 million, leading to a 0.8-point market share gain. Growth in new business was partly attributable to the number of policies maturing during the period, which represented 62% more than in first-half 2006 but 6% fewer than in the second half. As a result, net new money – at €200 million – was sharply down on first-half 2006, but was up 19% over the second-half 2006 figure.

CNP Capitalia Vita First-Half 2007 Premium Income

In € millions	**IFRS**		
MARKET SEGMENT	**First-half 2007**	**First-half 2007**	**% change**
Savings	1,640.6	1,468.5	+ 11.7
Pensions	13.7	14.6	- 6.2
Personal Risk(1)	2.9	7.4	- 61.5
Loan Insurance(1)	29.3	2.8	+ 930.7
TOTAL	**1,686.5**	**1,493.3**	**+ 12.9**

(1) CNP Capitalia Vita premiums of €2.8 million in first-half 2006 have been reclassified from "Personal Risk" to "Loan Insurance" (compared with first-half 2006 reported figures).

- The Savings business continued to represent CNP Capitalia Vita's main growth driver, with premiums up 11.7%:
  - The index-linked offering (with 17 maturities including 7 offered through the Irish subsidiary), accounted for the bulk of new savings business, while traditional unit-linked products contributed 13%.
  - The new combined unit-linked/non-unit-linked offerings, particularly the *Multiramo* range distributed by Banco di Sicilia and Bipop Carrere, confirmed their initial success, generating €17 million worth of premiums, including 32% unit-linked.
- Growth in the pensions business continued to be affected by the very slow start to sales of the new PIP personal pension plans created following a change in the law to allow TFR leaving bonuses to be invested with an external manager such as a pension fund.
- Revenues from loan insurance, distributed by Banco di Roma, Banco di Sicilia and Bipop, continued to grow. Premiums written in the first half of the year totalled €29 million and the overall penetration rate at the end of June increased from 54% at the previous month-end. CNP Capitalia Vita's personal loan insurance offer was finalised in June and has been available to Banca di Roma, Banco di Sicilia and Bipop customers since July.

- **Portugal – Global and Global Vida**
  The Portuguese insurance market contracted by 1.5% in the first half of 2007, returning to growth in the second quarter after falling 5% in the first three months. The recovery was led by the life segment. Reflecting the market trend, the combined revenues of Global and Global Vida declined by 2.7% to €88 million.

  Non-life premiums remained stable, in line with the market, but with uneven performances. The fire, other property risks and health insurance businesses achieved the strongest growth, with premiums up 3.6%, 6.5% and 9.4% respectively. The automobile insurance business, which accounts for 42.6% of total non-life premiums, expanded 1.8% to €30.7 million. Life premiums were down 14.8%.

- **In Spain,** newly-acquired **CNP Vida** (formerly Skandia Vida) was consolidated from 5 April 2007.

  The company's premium income for the first six months of 2007 amounted to €77.1 million, including €31.8 million for the period from April to June. Unit-linked sales were up 35% and accounted for 50% of total premium income.

- **Europe – Other**
  The loan insurance branches in Italy and Spain generated premiums of €33.8 million in first-half 2007, an increase of 31.5% over the year-earlier period. In Italy, the strong pace of growth was attributable to partnerships with two of the leading players in the local banking market, Unicredito and Capitalia.

  CNP España's business continued to expand, led by partnerships with BBVA, Santander Seguros and Freedom Finance. Loan insurance written by the branch in the first half of 2007 amounted to €0.5 million.

  In all, premiums written by loan insurance branches outside France and loan insurance written in order to partner French clients (Cofidis) in international markets increased 27.8% to €75.3 million.

Latin America

- **Brazil – Caixa Seguros**
  In a Brazilian market that grew 14.7% in the first five months of the year (excluding the health insurance segment), Caixa Seguros reported first-half premium income of BRL 1,493.2 million (€550.7 million), representing an increase of 14.8% in local currency. After conversion into euros, premiums were up 17.1%, reflecting the 2% gain in the real against the euro based on average exchange rates.

CAIXA SEGUROS (BRAZIL) PREMIUM INCOME

(BRL millions)	IFRS		
MARKET SEGMENT	**First-half 2007**	**First-half 2006**	**% change**
Savings	40.1	34.0	+ 18.2
Pensions	815.2	728.8	+ 11.8
Personal Risk	237.3	200.2	+ 18.5
Loan Insurance	130.7	105.4	+ 24.0
Property & Casualty	270.0	231.8	+ 16.5
TOTAL	**1,493.2**	**1,300.2**	**+ 14.8**

Premiums increased across most business segments (growth rates are shown in local currency):

- The Savings business continued to significantly outperform the market, helped by marketing campaigns linked to the Rio 2007 Pan American Games.
- Pensions revenue grew 11.9% in a buoyant market.
- Personal Risk premiums rose by a strong 18.5%, reflecting a 22% increase in compulsory automobile accident liability insurance business and 18% growth in whole life cover sold with pension products.
- Loan Insurance premiums were up 24%, reflecting strong growth in the volume of home loans extended by the CEF network and the impact of the Lula Plan measures to support the economy.
- Property & Casualty premiums were 16.5% higher, with growth led primarily by the homeowners' insurance business.

- **Argentina – CNP Seguros de Vida**
  In Argentina, premium income amounted to €2.4 million, representing a 33% increase over first-half 2006.

3 CONSOLIDATED FINANCIAL STATEMENTS

The condensed 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 condensed interim consolidated financial statements were the same as those used for the annual financial statements.

Key earnings figures

Key earnings figures are as follows:

	First-half 2007	**First-half 2007** Pro forma(1) Like-for-like	**First-half 2006** Pro forma(2)	**% change** Pro forma
Premium income	17,397.5	17,355.3	16,311.9	6.4%
Insurance and financial liabilities (excluding the deferred participation reserve)	229,690.7	228,042.6	207,966.6	9.7%
Administrative costs(3)	363.1	360.6	348.1	3.6%
Operating profit	941.0	934.6	595.6	56.9%
EBIT(4)	700.3	693.9	636.5	9.0%
Income tax expense	258.1	256.2	188.1	36.2%
Minority interests	86.0	129.1	102.9	25.5%
Attributable recurring profit, before capital gains(5)	392.4	346.0	309.6	11.8%
Profit attributable to equity holders of the parent(5)	567.9	519.1	280.3	85.2%

(1) Excluding the buyout of Écureuil Vie minority interests and the acquisition of CNP Vida, at first-half 2006 exchange rates.

(2) In line with the interpretation published by the International Financial Reporting Interpretations Committee (IFRIC) in November 2006, deeply-subordinated debt issues have been reclassified in equity, with the result that interest expense on these securities is recognised in equity and not in profit.

(3) Excluding CNP Trésor employee benefits expense: €17.9 million in first-half 2007 and €15.5 million in first-half 2006.

(4) EBIT: operating profit adjusted for net fair value adjustments to financial assets and net realized gains on equities and investment property (in total, positive adjustment of €240.7 million in first-half 2006 and negative adjustment of €40.9 million in first-half 2006).

(5) Attributable recurring profit, before capital gains: profit attributable to equity holders of the parent adjusted for fair value adjustments to financial assets at fair value through profit (trading securities) and net realised gains on equities and investment property, net of tax (in total, positive adjustment of €173.1 million like-for-like in first-half 2007 and negative adjustment of €29.3 million in first-half 2006).

EBIT and 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.

Review of results

Premium income rose by 6.7%, including like-for-like growth of 6.4% (see comments in section 2.2).

Insurance and financial liabilities (excluding the deferred participation reserve) were up 10.4% on a reported basis and 9.7% like-for-like.

Growth was driven by premium income, the increase in the value of policyholders' savings, contract terminations and net deferred participation recognised in liabilities in accordance with shadow accounting principles, corresponding to the portion of unrealised gains attributable to policyholders.

Claims and benefits, including changes in technical reserves and policyholder participation, were up by 20.9% over first-half 2006. The increase reflects changes in fair value of financial assets at fair value through profit (trading securities) recognised in the deferred participation reserve and movements in provisions for other-than-temporary impairment recognised in the income statement on financial assets at fair value through equity (available-for-sale financial assets).

Excluding fair value adjustments recognised in the deferred participation reserve in accordance with shadow accounting techniques and contract terminations arising from Fourgous transfers, claims and benefit expenses were around 8% higher.

Compared with first-half 2006, paid claims and benefits – including handling expenses – rose 14.7%. The ratio of paid claims and benefits to insurance and financial liabilities, excluding the deferred participation reserve, stood at 8.6% on an annualised basis in first-half 2007 versus 8.3% in the year-earlier period. Total revenues allocated to policyholders, including credited interest and policyholders' participation, amounted to €5.2 billion in first-half 2007. Excluding deferred participation, the total was €4.6 billion.

Net investment income excluding finance costs amounted to €7.2 billion. The sharp €3.3 billion increase compared with first-half 2006 stemmed from the €1.7 billion net increase in the fair value of financial assets at fair value through profit, compared with a €0.8 billion net decrease in the year-earlier period.

Administrative expenses (excluding the €17.9 million in costs of CNP Trésor) totalled €363.1 million, an increase of 4.3%. These expenses are analysed in the income statement by function. The like-for-like increase was 3.6%. Administrative expenses include acquisition costs (other than commissions), administrative expenses, claims handling expenses, investment management costs and other underwriting costs.

Acquisition costs were 15% higher at €1,328.7 million, reflecting 15.3% growth in commissions paid to referral agents to €1,225 million. Commissions grew at a faster rate than the underlying revenue and managed assets, mainly due to the implementation of new commission agreements in the second half of 2006 and the election by certain group insurance partners to be paid commission rather than a share in underwriting profit.

Operating profit, corresponding mainly to revenue plus net investment income less claims and benefits, administrative expenses and commissions, amounted to €941 million.

EBIT corresponds to operating profit before:

- Fair value adjustments to financial assets at fair value through profit (trading securities) and realised gains and losses on this category of investments (corresponding to fair value adjustments recognised in prior periods), and policyholder participation (representing a positive €239.6 million in first-half 2007 versus a negative €67.7 million in first-half 2006).
- Realised gains and losses on equities measured at fair value through equity (available-for-sale financial assets), other-than-temporary impairments in value of equities classified as available-for-sale and realised gains and losses on investment property. These items, which are considered as being stated net of policyholder participation, represented a positive €1.1 million in first-half 2007 and a positive €26.8 million in first-half 2006.

Excluding the currency effect (€2.8 million) and the contribution of CNP Vida (€3.4 million), like-for-like EBIT rose 9% to €693.9 million in first-half 2007 from €636.5 million in the year-earlier period.

Like-for-like **income tax expense** was 36.2% higher, outstripping the growth in operating profit net of finance costs. However, the effective tax rate was 29% compared with 34.4%, due to higher tax addbacks in first-half 2006 and an increase in the proportion of profit taxed at a reduced rate in first-half 2007. Excluding the tax effect of fair value adjustments and net realised gains on equities and investment property, net of policyholder participation, the effective tax rate – based on like-for-like profit – was 29.7% in first-half 2007, down from 33.3% in the year-earlier period.

Minority interests fell to €86 million, primarily reflecting the acquisition of the 49.9% of Écureuil Vie held by minority shareholders. On a like-for-like basis (excluding the buyout of Écureuil Vie minority interests and the acquisition of CNP Vida), minority interests amounted to €129.1 million. The 25.5% increase over first-half 2006 was attributable to the higher profits reported by the Brazilian and Italian subsidiaries.

Recurring profit before capital gains (pro forma) corresponds to profit attributable to equity holders of the parent before:

- Realised gains and losses on equities measured at fair value through equity (available-for-sale financial assets), other-than-temporary impairments in value of equities classified as available-for-sale and realised gains and losses on investment property (excluding minority interests). These items, which are considered as being stated net of policyholder participation and tax, represented a positive €27.3 million in first-half 2007 and a positive €12.2 million in first-half 2006.
- Fair value adjustments to financial assets at fair value through profit (trading securities) and realised gains and losses on this category of investments (corresponding to fair value adjustments recognised in prior periods), after policyholder participation and the tax effect (representing a positive €145.8 million in first-half 2007 versus a negative €41.5 million in first-half 2006).

Attributable recurring profit before capital gains came to €346 million in first-half 2007, up 11.8% pro forma over the year-earlier period.

Profit attributable to equity holders of the parent amounted to €567.9 million, up 102.6% compared with first-half 2006 pro forma profit. Pro forma profit for 2006 corresponds to profit adjusted for the reclassification of deeply-subordinated debt issues in equity, based on the interpretation published by the IFRIC in November 2006. The adjustment added €11.2 million to reported first-half 2006 profit (€269.1 million), raising pro forma profit to €280.3 million.

Consolidated balance sheet at 30 June 2007

Total assets amounted to €270.3 billion at 30 June 2007, compared with €263.3 billion at 31 December 2006 and €249.4 billion at 30 June 2006, representing increases of 2.7% and 8.4% respectively.

Insurance and financial liabilities totalled €239.4 billion, up €9.7 billion (4.2%) over 31 December 2006 and €21.9 billion (10.1%) over 30 June 2006. The increase reflects growth in mathematical reserves and the policyholders' surplus reserve, as well as the recognition of the deferred participation reserve to offset fair value adjustments to assets. Excluding the change in the deferred participation reserve, insurance and financial liabilities rose 5.6% over 31 December 2006 and 10.4% over 30 June 2006.

Equity attributable to equity holders of the parent rose by €728 million (7%) over 31 December 2006, to €11,124 million. The increase reflected the share issue (€700 million increase), the acquisition of minority interests in Écureuil Vie (€472 million decrease), the recognition of profit for the period (€568 million increase), the payment of dividends (€341 million decrease) and fair value adjustments recognised directly in equity (€256 million increase).

Equity now includes €2,035 million in deeply-subordinated debt, which has been reclassified from debt in accordance with the IFRIC's interpretation published in November 2006. Pro forma equity at 30 June 2006, including €789 million in deeply-subordinated debt issued prior to that date, amounted to €8,886 million compared with reported equity of €8,077 million.

Solvency capital

Solvency capital at 30 June 2007, calculated based on French GAAP equity in accordance with the guidelines issued by the French insurance supervisor (Autorité de Contrôle des Assurances et des Mutuelles), represented 2.6 times the regulatory minimum including unrealised gains and subordinated debt and net of intangible assets. Excluding unrealised gains, solvency capital represented 1.14 times the regulatory minimum versus 1.26 times at 31 December 2006. The lower coverage rate was due mainly to the acquisition of 49.9% of Écureuil Vie (€1.4 billion negative impact), partly offset by the share issue (€0.7 billion positive impact) carried out to finance part of the acquisition cost.

Asset portfolio and financial management

Insurance investments at 30 June 2007 totalled €257.8 billion, up 3.2% over 31 December 2006 and 9.4% over 30 June 2006.

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 2007 represented 67.7% of total investments and financial assets at fair value through profit (trading securities) represented 29.8%. Held-to-maturity investments and other investments (mainly investment property and loans) accounted for 2.5%.

4 OUTLOOK

The Group's current priority is to successfully integrate:

- Écureuil Vie, following the buyout of minority interests, by taking over the financial management of this subsidiary and aligning its procedures with those of the Group.
- The new Spanish subsidiary, CNP Vida, by taking over operational control of the company and launching new products.

The Group intends to continue building unit-linked sales through all its networks, despite the uncertain stock market environment.