



EXTRACTS

**Report of the
Board of Directors
Year ended 31 December 2011**

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1 SIGNIFICANT EVENTS OF THE YEAR

1.1 First half

- Creation of a long-term partnership with GDF Suez in natural gas transportation

On 27 June 2011, a public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts signed an agreement with GDF Suez to forge a long-term partnership in the natural gas transportation industry in France and the rest of Europe. To this end, the consortium acquired a 25% minority interest in GRTgaz for €1.1 billion.

This interest was acquired via a holding company controlled by the consortium and 54%-owned by CNP Assurances.

The decision to acquire an interest in GRTgaz is aligned with CNP Assurances' long-term investment strategy. This strategic investment in a regulated business will create value for our customers while also providing a source of regular income.

The consortium intends to support GRTgaz's development plan for the next ten years, at a time when Europe has major infrastructure needs. The consortium's backing will allow GRTgaz to expand its business beyond France by acquiring GDF Suez's stakes in other European natural gas transportation companies, including GRTgaz Deutschland GmbH and MEGAL GmbH in Germany and BOG GmbH in Austria.

- Signing of a major group pension agreement by CNP Europe Life

CNP Europe Life, CNP's wholly-owned Irish subsidiary, signed a major group pension contract for the Ireland- and UK-based employees of a large international company.

This agreement generated premium income of approximately €450 million in first-half 2011 and may entail top-up payments over the next few years.

- Issue of subordinated notes

CNP Assurances successfully placed two tranches of subordinated notes. The first tranche comprised €700 million of euro-denominated notes placed with institutional investors in the eurozone and the second tranche comprised GBP 300 million of sterling-denominated notes placed with institutional investors in the sterling zone.

The notes were rated A by Standard & Poor's using the methodology applicable to subordinated debt and were settled on 7 April 2011.

The notes were structured to the effect of being treated as capital from a regulatory and rating agency perspective to the extent permissible. They aim to comply with the latest Solvency II guidelines for Tier 2 capital treatment.

The success of these transactions shows the strong credit recognition of CNP Assurances among institutional investors.

These notes replace the €750 million in notes issued in 2001 and 2002, maturing in 2021 and redeemed in April 2011.

- Success of the interactive, informational website www.toutsavoirlassurancevie.fr

This increasingly popular new French-language website was launched by CNP Assurances for informational purposes – it does not seek to market the Group's products – and it allows users to find out everything they wish to know about life insurance.

The website's interactive design is especially popular and the storyline can be used to find out how to start building and growing capital, how to access it, how to designate a beneficiary, how to receive a regular stream of income and how to organise estate planning.

Visitors to the website have been particularly interested in explanations of complicated notions such as "multi-support" versus traditional savings contracts, unit-linked investments, specific tax treatment or total or partial policy surrender.

- Prize-winning personal risk policies

Dossiers de l'Épargne, the insurance comparator website, awarded prizes to three Caisses d'Épargne products: the Assistance Vie policy in the long-term care category and Ecureuil Solutions Obsèques in the burial insurance category were both attributed the Label d'Excellence while Garantie Famille in the whole life cover category received a special mention.

Avisys Protection Famille (whole life cover), Protectys Autonomie (long-term care), Prévialys Accidents de la Vie (non-occupational accident coverage), Résolys Obsèques Prestations and Résolys Obsèques Financement (burial insurance) – all of which were developed by La Banque Postale – were all attributed the Label d'Excellence in their respective categories.

- Prizes for three-year performance of money market and mutual funds

In its Trophées de Revenu 2011 awards, Le Revenu financial magazine awarded two Trophées d'Or to CNP Assurances in the eurozone equities and diversified funds categories and a Trophée d'Argent for overall fund performance.

In 2010, CNP Assurances was awarded two Trophées d'or and one Trophée de bronze, thus confirming its solid fund management performance over time.

1.2 Second half

- Launch of a new business in Brazil

Caixa Seguros branched into group health and dental coverage, mainly for Caixa Economica Federal's corporate customers.

This rounds out its Brazilian insurance business and brings its offering into line with what is available from the competition.

- Recognition of Caixa Seguros from the Brazilian press

Caixa Seguros is a subsidiary of CNP Assurances and Caixa Economica Federal, Brazil's second largest publicly-owned bank. In the third quarter of 2011, it featured prominently in rankings published by business magazines Dinheiro, Exame and Valor.

These various reports consolidated Caixa Seguros' ranking among the top Brazilian insurers. It was voted best Brazilian insurer in terms of financial strength, second-best Brazilian insurer in terms of corporate governance and second-best Brazilian insurer in terms of return on equity.

- New AERAS Convention

Negotiations were held in 2010 between the public sector, patients' and consumer representative associations, and the banking and insurance sector, culminating in a revised AERAS Convention which was signed in February 2011¹.

One of the key features of the new Convention is a better, more effective disability guarantee, together with a commitment to have it up and running by September 2011. CNP Assurances was responsible for ensuring that all procedures necessary for implementing the new guarantee were ready in time.

- Commitment to Principles for Responsible Investment (PRI)

A commitment to responsible investment has underpinned CNP Assurances' sustainable development policy for a number of years, in phase with its distribution and asset management partners.

All flagship contracts allow policyholders to select SRI unit-linked funds and environmental, social and governance criteria (ESG) are gradually being applied in all asset selection and management processes. At end 2011, 65% of all assets were covered by a commitment to PRI and CNP Assurances also strives to be a responsible stakeholder.

This culminated in the Group signing up to the Principles for Responsible Investment, taking its commitment to a new level.

"Principles for Responsible Investment" (PRI) are sponsored by the UN Secretary General and are designed to structure and promote responsible investment practices. The signatories undertake to report annually on their progress in adhering to the following key principles:

- incorporating environmental, social, and corporate governance (ESG) issues into investment analysis and decision-making processes;
- being active owners and incorporating ESG issues into ownership policies and practices;
- seeking appropriate disclosure on ESG issues from the entities in which they invest;
- promoting acceptance and implementation of the Principles within the investment industry;
- working together to enhance their effectiveness in implementing the Principles; and
- reporting individually on their activities and progress towards implementing the Principles.

¹ The first AERAS Convention, which dates from 1 January 2007 and is intended to give people representing an aggravated health risk greater access to insurance and lending, was given a complete makeover. The AERAS disability guarantee applies when there is professional functional disability of 70%. The possibility of offering the AERAS guarantee is studied when a person is refused or partially excluded from the professional disability guarantee in the standard policy.

- Prize-winning loan insurance policies from Banque Postale Prévoyance and CNP Assurances

Les Dossiers de l'Épargne-Crédits magazine awarded its 2012 Label d'Excellence to "Effinance" which provides death and disability cover to customers of La Banque Postale taking out home loans and is jointly insured by La Banque Postale Prévoyance and CNP Assurances.

When awarding the prize, the magazine stressed the features inherent to all policies marketed by La Banque Postale/La Banque Postale Prévoyance, namely:

- insurance solutions for all budgets: minimal age restrictions, few medical formalities, no waiting period;
- sensible guarantees, few exclusions and affordable rates.

1.3 Subsequent events

- Downgrading of CNP Assurances' credit rating to A+ by Standard & Poor's

In the wake of the downgrading suffered by a number of eurozone countries, including France, Standard & Poor's re-examined the ratings of a number of financial institutions.

CNP Assurances' credit rating was downgraded to A+ on 27 January 2012 accompanied by a negative outlook. A+ remains a high quality rating. The downgrade is the result of the uncertain economic environment faced by financial institutions, especially the deteriorating sovereign debt situation and difficult conditions in the life insurance market.

Ratings are mainly intended to inform bond investors and present a snapshot of an entity or a government's ability to repay its debt at a given time. They have no impact on the Group's regulatory ratios. Similarly, they do not constitute a recommendation to buy or sell shares and they have no impact on CNP Assurances' life insurance policies.

The Group's underlying financial strength remains undiminished thanks to strategic decisions taken over the past few years and it recorded positive net new money in its life insurance business in every single month of 2011, thus largely outperforming the market. The Group's strategy has already addressed the changed business environment. For example, it has reduced its investments in equities and its exposure to the sovereign debt of the so-called peripheral eurozone countries.

No material changes occurred in the Group's financial or commercial position between the end of the year and the date on which the financial statements were approved by the Board of Directors.

MARKET AND BUSINESS REVIEW

Economic and financial environment

The upturn in the financial markets that began in summer 2010 petered out in early 2011 in the face of a deteriorating business outlook. Petrol prices continued to climb in the first quarter of 2011 and inflation took its toll on demand. Moreover, plummeting Japanese output in the wake of the 11 March earthquake and tsunami badly affected global manufacturing. These events occurred at a difficult time: certain European sovereign debt markets continued to be plagued by uncertainty, the US housing crisis showed no signs of abating and fiscal consolidation policies were tightened in the major emerging economies and the eurozone.

Emerging economies generally held up well. They shed barely one percentage point of the 7.3% annual growth registered in 2010 whereas growth in developed economies was a mere 1.6% for the year, versus 3.1% recorded in 2010. Nevertheless, Brazilian growth stalled badly and dropped from 7.5% to an expected 2.8% year on year. During the first six months of the year, monetary policy in emerging economies focused essentially on fighting inflation which peaked at 6.5% in China in July and 7.3% in Brazil in September. Although slower growth was deemed necessary in a number of overheating economies, interest rate increases tended to attract capital and push up the value of the local currency, thus undermining the impact of deflationary policies. Consequently, a number of central banks, including the Brazilian Central Bank, were forced to take separate measures to stabilize exchange rates. During the second-half of 2011, more sluggish growth forced central bankers (e.g., China, Brazil, etc.) to adopt a looser monetary policy.

The US economy grew by only 0.7% in the first six months of the year and this anaemic growth, coupled with the relentless downward revision of business prospects and continuing high unemployment, undermined confidence in economic policies and raised the spectre of a "double-dip" recession. The second round of quantitative easing (QE2) proved largely ineffective as US households continued to reduce their level of indebtedness. Despite the downgrade of US sovereign debt by Standard & Poor's in early August – largely due to the lack of visibility over the federal budget as the executive branch and Congress struggled to find a compromise – growth was more robust in H2 thanks to higher internal and external demand and renewed consumer confidence. This was due in large measure to less pessimism in relation to the jobs market.

The US Federal Reserve tried to boost the economy and the labour market by pursuing a looser monetary policy. Despite inflation, which peaked at 3.9% in September, and a prior commitment to keep the Fed Funds rate unchanged through mid-2013, it launched a second round of quantitative easing. This consisted in selling shorter-dated Treasury securities (< 3-year bonds) for longer-dated ones ("Operation Twist") in an attempt to keep yields on long-dated bonds low by lowering maturities and lengthening the average maturity of the Fed's balance sheet. Yields on long-dated US bonds did indeed fall considerably.

The eurozone experienced a bright start to the year and growth of 0.8% in the first quarter, however this fell back to 0.2% in the second and third quarters, and all the indicators suggest that the eurozone economy actually appears to have contracted since last autumn. It posted average growth of 1.6% for the year as a whole, down slightly on the 1.7% recorded in 2010, but the situation varied markedly from one country to another: Germany posted growth of 3% and France's economy grew by 1.6%, which was about average for the eurozone as a whole, but Spain and Italy grew by a mere 0.7% and 0.5%, respectively, and Greece and Portugal are in recession. Their economies contracted by 5.4% and 1.5%, respectively. The slowdown in the eurozone has been caused by the hike in raw material prices in the first-half of the year as well as the fallout from the European sovereign debt crisis and the related crisis in bank liquidity in the final six months of 2011.

Inflation gathered pace throughout the first half of the year before peaking at 3% in the autumn. At the same time, most European governments were forced to put in place fiscal consolidation policies by EU institutions and investors which detrimentally affected consumer spending power. Investment suffered from the morose business environment and tight credit and fell back considerably in the last six months of the year. Faced with weak or non-existent growth, the labour market remained sluggish throughout the period although once again, the picture varied depending on the country: unemployment fell in Germany but increased slightly in France and rose considerably in Spain.

The ECB raised its benchmark interest rates in first-half 2011 in relation to inflationary pressure before deploying a whole range of measures in a bid to stave off a full-blown recession and liquidity crisis as a result of the worsening sovereign debt crisis. In spite of the Portuguese rescue plan and new austerity measures in Greece and Italy, worries over the debts of the peripheral eurozone countries led the EU to beef up the European Financial Stability Facility (EFSF) at the summit held on 2 July 2011. EU leaders agreed to allow the fund to purchase sovereign debt in the secondary market and made private investor participation a key element in the restructuring of Greek debt. In an agreement with the Greek government, private investors agreed to take a 21% write-down on Greek bonds. However, these measures failed to stop the crisis spreading into the heart of the eurozone - with the exception of Germany - due in part to the inability of the ECB to act as a lender of last resort. There was a marked widening of spreads between European government bonds over the period. In the 10-year category, French and Dutch government bonds were respectively trading 200 bps and 80 bps higher than the German bonds, which is seen as a safe haven for investors, and yields on Italian 10-year government bonds peaked at 7.48% in November 2011. Yields fell back somewhat thereafter and French government bonds at year end were paying 3.17%, 120 bps higher than German bonds. European stock markets bore the brunt of investor distrust over the lack of a concerted approach to the crisis in the eurozone. The Eurostoxx and CAC 40 indexes shed 17.5% and 17%, respectively, of their value in 2011.

In a precautionary reflex that reflected worries over higher unemployment and the worsening economic outlook, the French household savings rate reached 17.1% in the second quarter, the highest rate since 1983.

Savers reacted favourably to higher interest rates on passbook savings accounts and moved their money into short and long-term bank deposit accounts and out of life insurance. Term deposits of two years or less were buoyed by the efforts of banking networks to attract funds to enhance liquidity ahead of Basel III and "progressive" deposit accounts with flexible withdrawal arrangements were especially popular with savers.

Long-term deposit accounts benefited from the reduced attractiveness of life insurance and transfers from money market mutual funds.

A lot of money flowed out of life insurance contracts, particularly during the last months of the year - albeit less than in the fourth quarter of 2008 - due to lower interest rates on traditional savings contracts, the impact of stock market uncertainty on unit-linked investments and a switch in marketing focus by players in the bancassurance sector to savings products carried on their own balance sheets.

2.2 Business review

Consolidated revenue amounted to €30.0 billion in 2011, a decline of 7.1% compared with the previous year. This was mainly due to the Savings business, which experienced a 13.4% fall in revenue. By contrast, the Pensions and Personal Risk businesses both enjoyed double-digit growth, with rises of 17.7% and 11.0% respectively. In Pensions, part of the increase was attributable to a major contract in Ireland. Term Creditor Insurance revenues were also up, by nearly 4% or 14.0% excluding the impact of the discontinued partnership with Cofidis.

Revenue (€m)	IFRS		French GAAP	
	2011	% change	2011	% change
Savings	20,420.0	-13.4	21,203.2	-13.1
Pensions	3,720.4	+17.7	3,817.1	+12.9
Personal risk	1,917.5	+11.0	1,917.5	+10.9
Term Creditor insurance	3,140.9	+3.9	3,140.9	+3.9
Health Insurance	465.8	-3.0	466.7	-2.8
Property & Casualty	340.5	+1.7	340.5	+1.7
TOTAL	30,005.1	-7.1	30,886.0	-7.4

Although revenue in France was down 9.1% on a French GAAP basis, this was significantly less than the 14.0%² fall in the domestic Life and Pensions market in 2011. With its revenue contribution up 13.0%, Brazil confirmed its role as a key driver of business growth for the Group.

Revenue (€m)	IFRS		French GAAP	
	2011	% change	2011	% change
France	23,864.0	-8.7	23,965.0	-9.1
Italy⁽¹⁾	2,062.3	-22.5	2,346.0	-20.9
Portugal⁽²⁾	224.0	+2.8	297.2	-16.3
Brazil⁽³⁾	2,764.2	+13.0	3,177.0	+12.9
Argentina⁽³⁾	31.7	+84.8	31.7	+84.8
Spain⁽⁴⁾	397.6	-32.0	397.6	-32.0
Cyprus	210.4	+3.7	220.5	+7.9
Ireland	449.9	-	449.9	-
Other⁽⁵⁾	1.0	-97.2	1.0	-97.2
Total International	6,141.0	-0.7	6,920.9	-1.1
TOTAL	30,005.1	-7.1	30,886.0	-7.4

(1) CNP Italia branch, CNP UniCredit Vita and CNP BVP Italy

(2) CNP BVP Portugal (change in consolidation scope in 2010)

(3) Based on exchange rates at 31 December 2011

(4) CNP España branch, CNP Vida and CNP BVP Spain

(5) Cofidis Romania

Consolidated sales of unit-linked products rose 6.2% in 2011. These products represented just under 10% of Savings/Pensions revenue in France and 18.4% overall.

² Source: FFSA, January 2012

Average technical reserves excluding deferred participation rose by 4.4%.

Technical reserves at 31 December 2011, including deferred participation, stood at €288.7 billion, an increase of 0.2% after taking into account a deferred participation asset of €621 million.

Net new money came to €4.1 billion.

- **France**

In 2011, revenue in France declined by 9.1% to €24.0 billion under French GAAP. Over the same period, the domestic Life and Pensions market fell by 14%. As a result, CNP Assurances's market share rose to 17.4% from 16.8% in 2010, on a new money basis.

The downturn in France was mainly due to the Savings segment, which contracted by 11.7%. By contrast, Term Creditor Insurance was up 3.1% and Personal Risk by a very healthy 11.0% over the twelve-month period.

CNP Assurances's net new money from the Savings business was a positive €2,641 million in 2011, giving the Group 34.9% of the market. Net money remained positive even in the fourth quarter.

La Banque Postale

Revenue generated by La Banque Postale totalled €10.2 billion in 2011, down by a slight 4.1% on 2010 in a difficult market environment. Sales of the life insurance offer for more affluent customers continued to grow at a brisk pace, while the shift towards unit-linked products continued, with sales up 20% over the past two years. The Personal Risk business held up well, as did the Term Creditor Insurance business.

Savings Banks

The Savings Banks' contribution to consolidated revenue declined by 16.5% to €8.8 billion.

The proportion of unit-linked sales remained high at 15.6% of the total, supported by the marketing of five unit-linked funds invested in bonds issued by BPCE.

Personal Risk and Term Creditor Insurance revenue increased, led by the new funeral insurance offer for which monthly sales are running at around 1,300 contracts.

CNP Trésor

CNP Trésor generated revenue for the year of €669 million. The 8.7% decline compared with 2010 was less than the fall in the market and should be set against the high basis of comparison created by two exceptional sales in 2010. Excluding the effect of these contracts, new money was broadly stable in 2011.

Financial institutions

The revenue contribution of the Financial Institutions partnership centre amounted to €1.45 billion, a decline of 4.8% versus 2010 that was mainly due to the loss of the Cofidis contract. Excluding the Cofidis effect, underlying revenue was up 7.3%. This performance was achieved in a year when the number of real estate transactions declined but interest rates were still low and loan books were stable. During the year, CNP Assurances consolidated its existing partnerships and strengthened its position as an insurer of loans granted under the "1% logement" government housing scheme, through an agreement with the Sud Est Group, one of the scheme's administrators.

Companies & Local Authorities

Revenues in this segment declined by a modest 2.0% to €1.7 billion. Performances varied, with an increase in employee benefits revenue in the corporate segment but a fairly marked fall in group Pensions business due to the high basis of comparison created by the sale of a major contract in 2010.

Mutual Insurers

The Mutual Insurers partnership centre lifted its revenue contribution by 15.4% to €974 million, including €332 million generated by MFPrévoyance.

Several mutual insurers strengthened their ties with CNP Assurances in 2011, particularly in the areas of long-term care insurance and death cover.

- **International operations**

International revenue remained stable in a year of crisis in Europe, amounting to €6,141 million under IFRS (down 0.7% or 0.3% at constant exchange rates) and €6,921 million under French GAAP (down 1.1%)³.

Excluding the effect of the discontinued partnership with Cofidis, which represented revenue of €99 million in 2010, international revenue was up 0.8%.

In all, international operations contributed 20% of total Group revenue.

Growth drivers included Caixa Seguros in Brazil, which enjoyed another year of double-digit growth in 2011 with revenue up 13%. Demand in international markets for the products that create the most value was also strong, with Pensions revenue up 38% thanks to the sale of a major group contract in Ireland, Personal Risk revenue up 11% and Term Creditor Insurance up 6.8% (26% excluding the effect of the discontinued Cofidis business). Performance was dragged down by the Savings business, which contracted by 24.5% due mainly to the unfavourable economic environment and competition from bank products in Europe. The proportion of unit-linked sales remained high, with over one in two Savings/Pensions products sold in international markets including a unit-linked formula.

Caixa Seguros (Brazil)

The overall insurance market in Brazil continued to expand rapidly in 2011, led by favourable demographic trends and the growing middle class.

For its part, Caixa Seguros reported revenue up 13% in 2011 to €2,764 million (reflecting a 14% increase in local currency). Growth was in the double digits across all business lines except for Property & Casualty (up 1.5%). Savings revenue grew 18%, Pensions business (over 60% of new money) 12.8%, Personal Risk 13.5% and Term Creditor Insurance 25.5%.

³ Differences in revenue between French GAAP and IFRS are due to the fact that for investment contracts without DPF, only the loading is recognized in revenue in the IFRS accounts, in accordance with IAS 39. The main countries affected by the application of IAS 39 are Italy and Portugal.

CNP UniCredit Vita (Italy)

The Italian life insurance market contracted sharply in 2011, due to competition from bank products. Note that bancassurers hold 75% of the life market. CNP UniCredit Vita's performance was in line with the market trend, with revenue down 31.3% to €1,699 million. Savings business, which accounts for the bulk of revenue, fell by a steep 33.6%.

Highlights of the year included the successful launch of a high-end product in July and healthy growth in terms of creditor insurance revenue, up 29.5% to €103 million.

CNP Barclays Vida y Pensiones (Portugal, Spain and Italy)

CNP BVP operates in the markets of Southern Europe that were particularly badly hit by the crisis. Despite this difficult environment, it reported revenue up 19.6% at €727 million. The main growth driver was Italy, where revenue more than doubled to €297.4 million thanks to the success of BLIP, a new traditional savings product with a unit-linked formula, and expansion of the term creditor insurance business.

CNP Marfin Insurance Holding (Cyprus/Greece)

CNP Marfin delivered a resilient performance in last year's very troubled economic environment. Revenue rose 3.7% to €210 million, of which over 90% was generated in Cyprus. In 2011, CNP Marfin consolidated its leadership of the Cyprus market, with shares of 28.8% in the Life segment and 17% in the Non-Life segment (based on statistics up to end-September). In all, 40% of CNP MIH's revenue came from the Savings business which enjoyed 6% growth in 2011.

Premium Income by Partnership Centre

	IFRS			French GAAP		
	2011 €m	2010 €m	% change	2011 €m	2010 €m	% change
La Banque Postale	10,183.1	10,613.1	-4.1	10,185.8	10,616.6	-4.1
Savings Banks	8,807.8	10,548.3	-16.5	8,809.5	10,550.4	-16.5
CNP Trésor	669.6	733.4	-8.7	669.6	733.4	-8.7
Financial institutions France	1,448.3	1,521.8	-4.8	1,448.3	1,521.8	-4.8
Mutual Insurers	974.4	844.5	+15.4	974.4	844.5	+15.4
Companies & Local Authorities	1,696.6	1,730.5	-2.0	1,793.3	1,951.6	-8.1
Other (France)	84.1	137.5	-38.8	84.1	137.5	-38.8
TOTAL France	23,864.0	26,129.2	-8.7	23,965.0	26,355.9	-9.1
CNP Seguros de Vida (Argentina) ⁽¹⁾	31.7	17.1	+84.8	31.7	17.1	+84.8
CNP Vida (Spain)	172.6	242.0	-28.7	172.6	242.0	-28.7
Caixa Seguros (Brazil) ⁽¹⁾	2,764.2	2,445.8	+13.0	3,177.0	2,814.0	+12.9
CNP UniCredit Vita (Italy)	1,698.8	2,472.9	-31.3	1,982.5	2,778.5	-28.6
Marfin Insurance Holdings Ltd (Cyprus)	210.4	202.9	+3.7	220.5	204.4	+7.9
CNP Europe (Ireland)	449.9	23.4	+1,821.2	449.9	23.4	+1,821.2
CNP BVP (Portugal, Spain, Italy) ⁽²⁾	727.1	608.2	+19.5	800.4	745.7	+7.3
Financial Institutions outside France ⁽³⁾	3.5	99.3	-96.5	3.5	99.3	-96.5
Branches	82.8	74.3	+11.4	82.8	74.3	+11.4
Total International	6,141.0	6,185.9	-0.7	6,920.9	6,998.8	-1.1
TOTAL	30,005.1	32,315.1	-7.1	30,886.0	33,354.7	-7.4

(1) Average exchange rates:

Argentina: €1 = ARS 5.7091

Brazil: €1 = BRL 2.3458

(2) Of which CNP BVP Portugal up 23.9%, CNP BVP Spain down 31.3% and CNP BVP Italy up 131.5% under IFRS.

(3) The business of writing creditor insurance for Cofidis under the EU freedom of services directive was discontinued on 1 January 2011 and the related contracts will generate no further revenues.

PREMIUM INCOME BY BUSINESS SEGMENT

IFRS														
	Savings		Pensions		Personal risk		Term Creditor insurance		Health Insurance		Property & Casualty		Total	
€m	2011	% change	2011	% change	2011	% change	2011	% change	2011	% change	2011	% change	2011	% change
France	18,058.7	-11.7	1,457.7	-4.1	1,439.9	11.0	2,465.6	3.1	442.1	-3.8	0.0	-	23,864.0	-8.7
Italy ⁽¹⁾	1,763.6	-28.4	16.4	-6.2	7.2	-2.4	275.1	59.3	0.0	-	0.0	-	2,062.3	-22.5
Portugal ⁽²⁾	200.0	29.2	0.0	-	0.3	-86.4	23.7	-61.1	0.0	-	0.0	-	224.0	2.8
Spain ⁽³⁾	222.0	-33.7	104.1	-10.5	11.4	-22.0	60.1	-49.4	0.0	-	0.0	-	397.6	-32.0
Cyprus	84.3	6.0	0.0	-	31.8	1.9	6.7	-14.5	22.6	8.0	65.0	2.6	210.4	3.7
Ireland	6.4	-72.9	443.6	-	0.0	-	0.0	-	0.0	-	0.0	-	449.9	-
Other Europe ⁽⁴⁾	0.0	-	0.0	-	0.0	-	1.0	-97.2	0.0	-	0.0	-	1.0	-97.2
Brazil	81.1	18.0	1,698.6	12.8	419.2	13.5	288.8	25.5	1.0	-	275.6	1.5	2,764.2	13.0
Argentina	4.0	10.4	0.0	-	7.7	33.2	20.0	157.9	0.0	-	0.0	-	31.7	84.8
Sub-total International	2,361.3	-24.5	2,262.7	38.0	477.5	11.0	675.3	6.8	23.6	12.8	340.5	1.7	6,141.0	-0.7
TOTAL	20,420.0	-13.4	3,720.4	+17.7	1,917.5	11.0	3,140.9	3.9	465.8	-3.0	340.5	1.7	30,005.1	-7.1

(1) CNP Italia branch, CNP UniCredit Vita and CNP BVP Italy

(2) CNP BVP Portugal

(3) CNP España branch, CNP Vida and CNP BVP Spain

(4) Cofidis Romania

3 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), the recommendations of the French National Accounting Board (CNC 2005 R-01) concerning the presentation of the IFRS financial statements of insurance enterprises, and the guidelines contained in the reports of the CNC workgroups set up to examine the specific issues arising from the application of IFRSs by insurance enterprises (see the notes to the consolidated financial statements).

Review of results

Key earnings figures are as follows:

	Segment			Other	Own-funds portfolios	Total 2011	Total 2010	Change (%)
	Savings	Pensions	Risk					
New money	21,203	3,817	5,866			30,886	33,355	-7.4%
Insurance and financial outstandings						282,248	274,087	3.0%
Premium income	20,420	3,720	5,865	-	-	30,005	32,315	-7.1%
Total NIR						2,415	2,247	7.5%
Recurring NIR	1,067	207	1,018	106		2,397	2,178	10.1%
Revenue from own-funds portfolios					714	714	538	32.8%
Total costs						(886)	(874)	1.4%
EBIT						2,243	1,911	17.4%
Finance costs						(150)	(95)	57.8%
Recurring income before tax						2,093	1,816	15.3%
Income tax expense						(720)	(619)	16.3%
Minority interests						(264)	(235)	12.2%
Recurring profit before capital gains						1,109	961	15.4%
Net gains (losses) on equities and property, available-for-sale financial assets and						(144)	106	-235.2%
Fair value adjustments on securities held for trading						(93)	10	ns
Non-recurring items						(1)	(27)	ns
Net profit						872	1,050	-17.0%

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;
- revenues 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 €30 billion (see section 2.2);
- **insurance and financial outstandings**, excluding the deferred participation reserve, which rose 4.4% during the period. This growth reflected the combined impact of lower premium income, the revaluation of policyholders' savings and contract terminations.

The 7.5% growth in **NIR** to €2,415 million was mainly driven by the international subsidiaries. This figure comprises a recurring portion of €2,397 million (up 10.1% year on year) and a non-recurring portion of €18 million.

Non-recurring NIR

The non-recurring portion of NIR dropped from €69 million in 2010 (mainly related to the reversal of technical reserves following a decision of the Brazilian prudential control authority) to €18 million this year (comprising a positive amount of €24 million for France, and a negative amount of €6 million generated by the international subsidiaries).

Non-recurring NIR in France consisted of €45 million for the reversal of administrative expense reserves, €29 million in surpluses generated on claims settlements and €19 million in adjustments for prior periods, less €51 million and €19 million, respectively, relating to the impacts of lower interest rates and the increase in the retirement age in France.

Recurring NIR

The main driver of the increase in recurring NIR in France during the period was personal risk insurance.

The strong growth in recurring NIR generated by the international subsidiaries is mainly attributable to brisk business in the personal risk insurance segment and a tight rein on personal risk and property & casualty insurance loss ratios.

- Recurring NIR in the Savings segment

Recurring NIR for the Savings segment grew 3.6% in 2011 to €1,067 million, mainly on the back of higher outstandings both inside and especially outside France in spite of the drop in net new money.

In France, in spite of lower premium income, NIR edged up slightly thanks to the growth in traditional savings products.

Outside France, the growth in NIR was underpinned by higher outstandings on the books of CNP BVP in Spain and Portugal, CNP Vita in Italy and Caixa Seguros in Brazil.

- Recurring NIR in the Pensions segment

The 39.3% leap in recurring NIR to €207 million reflected improved underwriting profits in France and particularly in Brazil.

Growth in France was driven primarily by a volume effect, as well as by enhanced underwriting profits on individual pension policies.

Most of the increase in recurring NIR in the international pensions business came from the increase in assets under management in Brazil and Spain, enhanced financial margins in Spain and the signing of a major group pension agreement in Ireland.

- Recurring NIR in the Risk insurance segment

The 14.4% jump in recurring NIR in the Risk insurance segment was mainly attributable to brisk business in the international subsidiaries.

In France, in spite of the termination of the partnership with Cofidis, term creditor insurance enhanced its contribution to NIR during the period thanks to the increase in business generated by the first-time consolidation of MFPrévoyance. The contribution of group risk products was hit by lower investment income and a deterioration in loss ratios which more than offset the contribution of new business generated by the partnership with MFPrévoyance. The contribution of individual personal risk products remained stable year on year.

Most of the growth in NIR from international personal risk insurance came from the personal risk and property & casualty businesses in Brazil. Revenue from term creditor insurance declined slightly due to lower rates charged to policyholders and new commission arrangements in Brazil.

- NIR from other businesses (€106 million, down €4 million)

The bulk of NIR from other businesses was generated by the international subsidiaries (€102 million, down €7 million) and more particularly by a property financing arrangement (Consorcio) in Brazil which generated less income than in the previous period.

In France, **revenues from own-funds portfolios** grew €176 million to €714 million, reflecting the combined impact of increased dividends paid on investments and higher bond yields.

The increase in income from bonds reflected the switch from equities into bonds as well as newly-issued subordinated debt invested in bonds.

The switch from equities into bonds did not adversely affect revenues due to the increase in unit dividends.

Higher revenues on cash balances reflected higher interest rates during the period.

Administrative costs

Administrative costs increased 1.4% year on year to €886 million, mainly reflecting business development costs in Brazil.

Nevertheless, the Group's operating ratio improved by 3.4 points to 37% thanks to the growth in recurring NIR.

Administrative costs for the French entities edged up slightly by 0.3% to €571 million as a result of first-time consolidation of MFPrévoyance. On a constant scope basis, costs actually fell by 1.2% to €563 million as a result of a cost-cutting plan deployed by Group management during the period.

The 3.3% increase in costs for the international entities to €315 million mirrored the expansion of the Brazilian business.

EBIT

EBIT rose 17.4% for the year to €2,243 million on the back of higher NIR and revenues from own-funds portfolios and limited increases in costs. This growth was even more marked in France where higher revenues from own-funds portfolios pushed EBIT 21.7% higher to €1,404 million.

EBIT for the international entities climbed 10.8% to €839 million and 81% of this amount was generated in Brazil.

To calculate **operating profit**, EBIT must be adjusted for:

- fair value adjustments to financial assets at fair value through profit (trading securities) net of realised gains and losses on this category of investments, after policyholder participation (representing a negative amount of €137 million in 2011, versus a positive amount of €31 million in 2010);

- gains and losses and impairment provisions booked on equities and investment property (not classified as trading securities). These items, which are considered as being stated net of policyholder participation, represented a negative amount of €269 million in 2011 and a positive amount of €141 million in 2010;

- a non-recurring loss of €2 million; and

- additional general provisions of €657 million in 2010 included on the non-recurring line of the income statement.

This resulted in operating profit of €1,835.7 million, up 28.8% for the year.

Finance costs

The increase in finance costs was attributable to the issuance of subordinated debt in September 2010 and April 2011 as well to as higher interest rates.

Income tax expense

The effective tax rate remained fairly stable year on year: 34.1% in 2010 and 34.4% in 2011.

Net losses on equities and property (€144 million)

Gains on the disposal of equities and property totalled €188 million and were part of the Group's profit-taking policy.

Impairment losses taken on securities totalled €332 million, net of policyholder participation and the tax effect. This amount included a €75 million write-down of goodwill previously recognised for CNP UniCredit Vita. The Greek sovereign debt crisis generated impairment loss provisions of €60 million, net of policyholder participation and the tax effect.

Profit attributable to owners of the parent

The contribution of the French entities dropped 18.6% to €662 million and was hit by impairment losses caused by the poor performance of the stock markets.

The international entities contributed €285 million for the period, up 20.5% before impairment of goodwill on CNP UniCredit Vita amounting to €75 million. If this impairment loss is factored in, their contribution fell by 11.2% year on year to €210 million. The contribution of the international entities breaks down as follows:

- Caixa Seguros, whose contribution rose 11.2% to €218 million (or €220 million at constant exchange rates).
- CNP UniCredit Vita which contributed €14 million before impairment of goodwill, down 11.8% for the year;
- the other European subsidiaries contributed €53 million, an increase of 116.3%.

Consolidated balance sheet at 31 December 2011

Total assets amounted to €321 billion at 31 December 2011, compared with €319.6 billion at 31 December 2010, a 0.4% increase.

Insurance and financial liabilities totalled €289.3 billion, 0.4% higher than at 31 December 2010, mainly due to the decrease in the deferred participation recognised to offset fair value adjustments to assets.

Excluding the change in the deferred participation reserve, insurance and financial liabilities rose 2.1% year-on-year while average insurance and financial liabilities were 4.4% higher.

Equity attributable to owners of the parent decreased by €48 million year on year to €11,994 million. This decrease reflected the combined impact of profit for 2011 (a positive €872 million impact), the payment of dividends (a negative €456 million impact), fair value adjustments recognised directly in equity (a negative €340 million impact), interest on deeply-subordinated debt (a negative €59 million impact) and translation adjustments (a negative €74 million impact).

Equity includes €2,142 million in deeply-subordinated debt, which has been reclassified from debt in accordance with the IFRIC interpretation published in November 2006.

Solvency capital

Solvency capital at 31 December 2011, estimated based on French GAAP equity in accordance with the guidelines issued by the French banking and insurance watchdog (*Autorité de Contrôle Prudentiel*), represented 112% of the regulatory minimum (against 111% one year previously), excluding unrealised gains and losses, including subordinated debt, and net of intangible assets. If unrealised gains are factored back in, the coverage rate was 132%. The enhanced rate was partly due to the €300 million in subordinated notes issued in April 2011, less the notes reimbursed at the same date.

Asset portfolio and financial management

Insurance investments at 31 December 2011 remained largely unchanged year on year at €303 billion.

Available-for-sale financial assets at 31 December 2011 represented 76.5% of total investments and financial assets at fair value through profit (trading securities) represented 19.9%, while held-to-maturity investments and other investments (mainly investment property, loans and derivative instruments) accounted for 3.6%.

4 FINANCIAL STATEMENTS OF THE COMPANY (FRENCH GAAP)

Premium income

CNP Assurances' business activity was hit by the drop in premium income from life insurance and savings contracts.

(in € millions)	31.12.2011	31.12.2010	2011/2010	31.12.2009
Individual insurance premiums	18,596	20,974	-9.6%	21,258
Group insurance premiums	2,749	2,975	-41.2%	3,119
TOTAL	21,345	23,949	-10.9%	24,377

- Individual insurance products

Individual insurance premiums dropped by 9.6% year on year, mirroring the decline in business in the life insurance and savings segments, albeit to a lesser extent.

- Group insurance products

In 2010, pensions revenue was boosted by single premium payments resulting from takeover of supplementary pension plan commitments.

The drop in sales of loan insurance offering whole life cover is mainly attributable to the ending of the partnership with Cofidis.

(in € millions)	31.12.2011	31.12.2010	2010/2009	31.12.2009
Death	1,821	1,882	-3.2%	1,753
Pensions	910	1,070	-15.0%	1,345
Bodily injury insurance	16	23	9.5%	21
TOTAL	2,749	2,975	-30.4%	3,119

Profit

The net profit of CNP Assurances was €473.1 million in 2011, up from €212.8 million in 2010.

Equity

Equity at 31 December 2011 amounted to €7,839.6 million, compared with €7,521.6 million at end-2010. This increase was mainly attributable to a dividend of €456.4 million paid out in 2010, profit for 2011 amounting to €473.1 million, and additions to the capitalisation reserve totalling €313.9 million.

Supplier payment deadlines

CNP Assurances settles supplier invoices within the deadlines set out in the terms and conditions of sale and, by default, within 30 days of receipt.

Review of main subsidiaries

CNP IAM

CNP IAM's revenues declined by 7% on the year, from €2,189 million to €2,035 million. It posted a net loss for the year of €63.8 million, compared with a net loss of €4 million in 2010.

CAIXA SEGUROS

The results of the Brazilian subsidiary translated into euros had to contend with the slightly unfavourable currency effect in 2011. The Brazilian real depreciated by 0.7% in relation to the euro and the average real/euro exchange rate fell from 2.33 in 2010 to 2.36 in 2011.

New money for CAIXA Seguros (excluding Consorcios) came to €3.2 billion, up 13% year-on-year. There was good growth across all businesses. In a highly concentrated market (where the top ten insurers account for 82% of the total) experiencing rapid growth (up 19% at end-July 2011), CAIXA Seguros' market share was 5.8% at end-July 2011, down 38 bps.

NIR for CAIXA Seguros group (including Consorcios) grew 9% over the period thanks to increased revenues and assets under management as well as fine performances in the personal risk and pensions businesses and higher investment and non-recurring income. NIR net of non-recurring income was up 21%. General expenses increased by 7%, i.e., by less than NIR, leading to an improvement in the operating ratio from 28.7% in 2010 to 25.4% in 2011. EBIT jumped 10% on the year to €684 million. Attributable profit under IFRS climbed 11% to €218 million.

CNP UNICREDIT VITA

New money fell 29% year on year to €2 billion in a market that contracted by 20% due to fierce competition from products offered by banks and the sharp rise in yields on Italian government bonds in the second half of the year. CNP Vita's share of new business edged down slightly from 3.8% in October 2010 to 3.1% in October 2011.

Despite the tough business environment, CNP Vita still managed to generate recurring EBIT of €58.3 million, up 33% on one year previously. If non-recurring items are factored in, EBIT dropped 9% to €52.9 million. Overall NIR fell by 8% but recurring NIR climbed 18% on the year thanks to a more favourable savings product mix and 29% growth in the term creditor insurance business. General expenses, which had been encumbered by migration costs for an IT project in 2010, declined by 17%. This enhanced the operating ratio⁴ which fell from 58% in 2010 to 41% for the period.

The attributable loss came in at €61 million, versus a profit of €16 million in 2010.

⁴ General expenses/recurring NIR

CNP Barclays Vida y Pensiones (CNP BVP)

CNP BVP does business in three Southern European countries: Spain, Portugal and Italy. CNP BVP has already been writing policies for a number of years in Spain and Portugal and it has 0.7% of the Spanish and 5% of the Portuguese life assurance markets, representing €205 million and €298 million, respectively. The Italian operation began in 2010 and new money for the year ended 31 December 2011 amounted to €297 million, or 0.2% of the Italian life assurance market. This took CNP BVPs new money for the year to €800 million, a year-on-year increase of 7%.

NIR jumped 13% thanks to the growth in outstandings and brisk business in the term creditor insurance business. General expenses also increased by 13%, mirroring the growth in business. EBIT climbed 8% over the period to €53.9 million.

Attributable profit under IFRS before amortisation of the value of In-Force business and the distribution network leapt 33% to €18.8 million. Attributable profit under IFRS, adjusted for amortisation of the value of In-Force business and the network was €12.1 million.

CNP MIH

In Cyprus and Greece, CNP MIH's premium income rose by 8% for the year to €220.5 million in a particularly tough business environment.

NIR edged up by 1% in line with the increase in premium income and robust performances in the term creditor insurance and property & casualty businesses. General expenses rose by 4%, which was more than the increase in NIR, leading to a deterioration in the operating ratio year on year, from 54% to 57%. EBIT fell 3% to €28.6 million.

Attributable profit under IFRS before amortisation of the value of In-Force business was down 14% to €10.6 million and included write-downs on Greek bonds amounting to €4 million based on the full amount of the securities. Attributable profit under IFRS, adjusted for amortisation of In-Force business fell by 10% to €9.6 million.

5 OUTLOOK

In Europe, CNP Assurances intends to focus on businesses that add the most value (personal risk and term creditor insurance), and products that are less capital intensive and have the least exposure to financial risk (unit-linked contracts). High-potential markets such as group pension and personal risk products will be leveraged as part of this overall strategy.

In South America, the Group intends to focus on business development to bolster its presence in the rapidly expanding insurance sector.