CNP ASSURANCES

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2011

* Subject to validation by the Statutory Auditors

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Consolidated balance sheet

ASSETS – In € millions	*Notes*	30/06/2011	31/12/2010	30/06/2010
Goodwill	*7*	673.1	682.5	687.4
Value of business in force	*7*	120.3	127.8	157.3
Other intangible assets	*7*	336.4	368.0	202.8
Total intangible assets		**1,129.8**	**1,178.2**	**1,047.4**
Investment property	*8*	1,267.3	1,278.0	1,271.6
Held-to-maturity investments	*9*	1,147.5	1,212.8	1,190.0
Available-for-sale financial assets	*9*	232,834.5	230,272.2	224,476.9
Securities held for trading	*9*	62,901.6	64,033.1	62,220.8
Loans and receivables	*9*	4,100.8	3,958.6	3,703.9
Derivative instruments	*9*	3,639.9	3,012.8	2,695.5
Insurance investments		**305,891.6**	**303,767.5**	**295,558.7**
Banking and other investments		**62.9**	**65.2**	**67.5**
Investments in associates		**0.0**	**0.0**	**0.0**
Reinsurers' share of insurance and financial liabilities	***10***	**7,842.2**	**7,446.2**	**7,077.1**
Insurance or reinsurance receivables	*11*	5,564.0	3,256.1	2,963.9
Current tax assets		221.2	515.7	303.3
Other receivables		2,659.1	1,782.8	2,493.6
Property and equipment	*8*	245.9	252.7	198.9
Other non-current assets		421.5	358.1	330.4
Deferred participation asset		0.0	0.0	0.0
Deferred tax assets		247.5	198.6	165.9
Other assets		**9,359.3**	**6,364.0**	**6,456.0**
Non-current assets held for sale		**0.0**	**0.0**	**0.0**
Cash and cash equivalents		**934.5**	**787.5**	**1,946.6**
TOTAL ASSETS		**325,220.3**	**319,608.6**	**312,153.4**

EQUITY AND LIABILITIES – In € millions	*Notes*	30/06/2011	31/12/2010	30/06/2010
Share capital	4	594.2	594.2	594.2
Share premium account		981.5	981.5	981.5
Revaluation reserve		1,078.4	1,199.6	1,159.8
Cash flow hedge reserve		1.5	0.0	0.0
Deeply-subordinated debt	*4*	2,141.8	2,141.8	2,143.0
Retained earnings		6,394.1	5,799.8	5,870.0
Profit for the period		543.2	1,050.0	542.4
Translation reserve		253.9	274.9	270.8
Equity attributable to owners of the parent		**11,988.5**	**12,041.7**	**11,561.6**
Minority interests		1,038.0	1,136.4	1,025.3
Total equity		**13,026.5**	**13,178.0**	**12,586.9**
Insurance liabilities (excluding unit-linked)	*10*	103,085.1	94,231.5	87,567.5
Insurance liabilities - unit-linked	*10*	28,306.0	28,946.8	27,885.4
Insurance liabilities		**131,391.1**	**123,178.3**	**115,452.9**
Financial liabilities – financial instruments with DPF (excluding unit-linked)	*10*	149,570.8	150,362.0	149,554.6
Financial liabilities – financial instruments without DPF (excluding unit-linked)	*10*	998.3	984.6	943.5
Financial liabilities – unit-linked financial instruments	*10*	7,987.8	8,463.3	8,810.8
Financial liabilities		**158,557.0**	**159,809.8**	**159,309.0**
Derivative financial instruments separated from the host contract		0.0	0.0	0.0
Deferred participation reserve	*10*	2,871.1	5,165.8	7,443.1
Insurance and financial liabilities		**292,819.2**	**288,154.0**	**282,205.1**
Provisions		**197.8**	**188.2**	**180.3**
Subordinated debt		2,536.0	2,242.0	1,492.0
Financing liabilities		**2,536.0**	**2,242.0**	**1,492.0**
Operating liabilities represented by securities		3,613.1	3,939.4	3,406.2
Operating liabilities due to banks		358.4	336.1	229.3
Liabilities arising from insurance and reinsurance transactions	*12*	2,151.3	1,943.6	2,529.2
Current taxes payable		375.9	347.5	194.1
Current account advances		317.1	316.6	322.0
Liabilities towards holders of units in controlled mutual funds		2,356.7	2,632.9	2,329.8
Derivative instruments	*9*	2,910.6	2,356.2	2,306.2
Deferred tax liabilities		435.3	513.9	1,119.5
Other liabilities		4,122.4	3,460.2	3,252.9
Other liabilities		**16,640.8**	**15,846.4**	**15,689.2**
Liabilities related to assets held for sale		**0.0**	**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**325,220.3**	**319,608.6**	**312,153.4**

Consolidated income statement

In € millions	Notes	30/06/2011	31/12/2010	30/06/2010
Premiums written		15,380.8	32,288.4	17,777.0
Change in unearned premiums reserve		(144.3)	(47.7)	(116.7)
Earned premiums	13	**15,236.5**	**32,240.7**	**17,660.3**
Revenue from other activities	13	**105.7**	**199.0**	**100.9**
Other operating revenue		0.0	0.0	0.0
Investment income		5,659.3	10,756.2	5,272.2
Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation		8.7	642.0	500.7
Change in fair value of financial assets at fair value through profit or loss		(76.2)	1,157.9	(328.6)
Impairment losses on financial instruments		(296.1)	(207.9)	(243.6)
Investment income (expense) before finance costs	**14**	**5,295.7**	**12,348.1**	**5,200.7**
Net revenue		**20,638.0**	**44,787.8**	**22,961.8**
Claims and benefits expenses		(17,376.6)	(39,207.6)	(19,702.5)
Investment and other financial expenses, excluding finance costs	14	(167.4)	(524.9)	(232.2)
Reinsurance result		(68.5)	(39.9)	(36.8)
Expenses of other businesses		(0.1)	(2.1)	(2.2)
Acquisition costs		(1,606.6)	(3,162.1)	(1,637.3)
Amortisation of value of In-Force business acquired and distribution agreements		(8.1)	(31.5)	(17.6)
Contract administration expenses		(103.3)	(373.2)	(176.3)
Other recurring operating income and expense, net		(218.2)	(18.3)	(130.7)
Total other recurring operating income and expense, net		**(19,548.8)**	**(43,359.5)**	**(21,935.7)**
Recurring operating profit		**1,089.1**	**1,428.3**	**1,026.1**
Other non-recurring operating income and expense, net		(0.6)	(2.9)	(0.5)
Operating profit		**1,088.5**	**1,425.3**	**1,025.6**
Finance costs	14	(70.2)	(95.0)	(39.3)
Change in fair value of intangible assets		(4.8)	(19.4)	0.0
Share of profit of associates		0.0	0.0	0.0
Income tax expense	15	(336.2)	(22.8)	(334.7)
Profit (loss) from discontinued operations, after tax		0.0	0.0	0.0
Profit for the period		**677.3**	**1,288.1**	**651.5**
Minority interests		(134.1)	(238.1)	(109.2)
Attributable to owners of the parent		**543.2**	**1,050.0**	**542.4**
Basic earnings per share (in €)		0.89	1.67	0.89
Diluted earnings per share (in €)		0.89	1.67	0.89

Consolidated statement of income and expense recognised directly in equity

Consolidated statement of income and expense recognised directly in equity – first-half 2011

In € millions	Equity attributable to owners of the parent	Minority interests	Total equity
Profit for the period	**543.2**	**134.1**	**677.3**
Gains and losses recognised directly in equity			
Available-for-sale financial assets			
Change in revaluation reserve during the period	(2,360.9)	(50.6)	(2,411.4)
Reclassification of proceeds from disposals	(246.9)	(7.0)	(253.9)
Reclassification of impairment losses to profit or loss	492.3	2.8	495.1
Sub-total including deferred participation and deferred taxes	*(2,115.5)*	*(54.7)*	*(2,170.2)*
Deferred participation including deferred taxes	1,922.4	*10.9*	1,933.3
Deferred taxes	72.0	*13.6*	85.6
Sub-total net of deferred participation and deferred taxes	*(121.1)*	*(30.2)*	*(151.3)*
Cash flow hedge reserve	1.5	0.0	1.5
Change in cash flow hedge reserve during the period	6.8	0.0	6.8
Cash flow hedge reserve recycled to profit or loss during the period	(4.5)	0.0	(4.5)
Deferred taxes	(0.8)	0.0	(0.8)
Translation differences	(20.9)	(16.2)	(37.1)
Actuarial gains and losses	0.6	0.0	0.6
Other movements	2.8	0.0	2.8
Total income and expense recognised directly in equity	**(137.2)**	**(46.3)**	**(183.5)**
Net income and expense recognised directly in equity	**406.0**	**87.8**	**493.8**

Consolidated statement of income and expense recognised directly in equity – 2010

In € millions	Equity attributable to owners of the parent	Minority interests	Total equity
Profit for the period	**1,050.0**	**238.1**	**1,288.1**
Gains and losses recognised directly in equity			
Available-for-sale financial assets			
Change in revaluation reserve during the period	(2,176.9)	(80.5)	(2,257.4)
Reclassification of proceeds from disposals	(586.9)	(13.9)	(600.8)
Reclassification of impairment losses to profit or loss	376.1	6.6	382.7
Sub-total including deferred participation and deferred taxes	*(2,387.8)*	*(87.8)*	*(2,475.5)*
Deferred participation including deferred taxes	2,103.1	*43.4*	2,146.5
Deferred taxes	154.5	*11.5*	166.0
Sub-total net of deferred participation and deferred taxes	*(130.2)*	*(32.9)*	*(163.1)*
Cash flow hedge reserve	0.0	0.0	0.0
Change in cash flow hedge reserve during the period	0.0	0.0	0.0
Cash flow hedge reserve recycled to profit or loss during the period	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0
Translation differences	101.9	49.5	151.5
Actuarial gains and losses	(7.1)	0.0	(7.1)
Other movements	(9.8)	(1.2)	(11.1)
Total income and expense recognised directly in equity	**(45.2)**	**15.4**	**(29.8)**
Net income and expense recognised directly in equity	**1,004.8**	**253.5**	**1,258.3**

Consolidated statement of income and expense recognised directly in equity – first-half 2010

In € millions	Equity attributable to owners of the parent	Minority interests	Total equity
Profit for the period	**542.4**	**109.2**	**651.6**
Gains and losses recognised directly in equity			
Available-for-sale financial assets			
Change in revaluation reserve during the period	515.5	(0.3)	515.2
Reclassification of proceeds from disposals	(298.3)	(6.2)	(304.5)
Reclassification of impairment losses to profit or loss	266.2	0.8	267.0
Sub-total including deferred participation and deferred taxes	*483.4*	*(5.7)*	*477.7*
Deferred participation including deferred taxes	(784.1)	*5.9*	(778.2)
Deferred taxes	130.8	*(0.3)*	130.5
Sub-total net of deferred participation and deferred taxes	*(169.9)*	*(0.1)*	*(170.0)*
Cash flow hedge reserve	0.0	0.0	0.0
Change in cash flow hedge reserve during the period	0.0	0.0	0.0
Cash flow hedge reserve recycled to profit or loss during the period	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0
Translation differences	97.9	45.7	143.6
Actuarial gains and losses	(0.7)	0.0	(0.7)
Other movements	6.8	0.0	6.8
Total income and expense recognised directly in equity	**(65.9)**	**45.6**	**(20.3)**
Net income and expense recognised directly in equity	**476.5**	**154.8**	**631.3**

Consolidated statement of changes in equity

Consolidated statement of changes in equity – first-half 2011

	Attributable to owners of the parent									
In € millions	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated debt	Retained earnings and profit	Translation reserve	Equity attributable to owners of the parent	Minority interests	**Total equity**
Adjusted equity at 1 Jan. 2011 – IFRS	**594.2**	**981.5**	**1,199.5**	**0.0**	**2,141.8**	**6,849.8**	**274.8**	**12,041.7**	**1,136.4**	**13,178.0**
Net income and unrealised and deferred gains and losses for the period			**(121.1)**	**1.5**		**546.6**	**(20.9)**	**406.0**	**87.8**	**493.8**
- Dividends paid						(456.4)		(456.4)	(172.3)	(628.7)
- Issue of shares								0.0		0.0
- Deeply-subordinated debt, net of tax						(17.8)		(17.8)		(17.8)
- Treasury shares, net of tax						14.8		14.8		14.8
- Changes in scope of consolidation								0.0	(13.9)	(13.9)
- Other movements						0.3		0.3	0.1	0.4
Equity at 30 June 2011	**594.2**	**981.5**	**1,078.4**	**1.5**	**2,141.8**	**6,937.3**	**253.9**	**11,988.5**	**1,038.0**	**13,026.5**

Consolidated statement of changes in equity – 2010

	Attributable to owners of the parent									
In € millions	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated debt	Retained earnings and profit	Translation reserve	Equity attributable to owners of the parent	Minority interests	**Total equity**
Adjusted equity at 1 Jan. 2010 – IFRS	**594.2**	**981.5**	**1,332.7**	**0.0**	**2,143.0**	**6,324.0**	**172.9**	**11,548.3**	**877.1**	**12,425.5**
Net income and unrealised and deferred gains and losses for the period			**(130.2)**			**1,033.1**	**101.9**	**1,004.8**	**253.5**	**1,258.3**
- Dividends paid						(444.0)		(444.0)	(132.9)	(576.9)
- Issue of shares								0.0		0.0
- Deeply-subordinated debt, net of tax					(1.3)	(60.6)		(61.9)		(61.9)
- Treasury shares, net of tax						(4.0)		(4.0)		(4.0)
- Changes in scope of consolidation			(3.0)			1.4		(1.6)	89.8	88.1
- Other movements*								0.0	48.9	48.9
Equity at 31 December 2010	**594.2**	**981.5**	**1,199.5**	**0.0**	**2,141.8**	**6,849.8**	**274.8**	**12,041.7**	**1,136.4**	**13,178.0**

(*) Other movements in minority interests include shares issued by CNP UniCredit Vita for an amount of €48.9 million.

Consolidated statement of changes in equity – first-half 2010

In € millions	Share capital	Share premium account	Reval-uation reserve	Cash flow hedge reserve	Deeply-subordinated debt	Retained earnings and profit	Translation reserve	Equity attribu-table to owners of the parent	Minority interests	**Total equity**
	Attributable to owners of the parent									
Adjusted equity at 1 Jan. 2010 – IFRS	**594.2**	**981.5**	**1,332.7**	**0.0**	**2,143.0**	**6,324.0**	**172.9**	**11,548.3**	**877.1**	**12,425.5**
Net income and unrealised and deferred gains and losses for the period			**(169.9)**			**548.5**	**97.9**	**476.5**	**154.8**	**631.3**
- Dividends paid						(444.0)		(444.0)	(127.6)	(571.6)
- Issue of shares								0.0		0.0
- Deeply-subordinated debt, net of tax						(18.0)		(18.0)		(18.0)
- Treasury shares, net of tax						(1.2)		(1.2)		(1.2)
- Changes in scope of consolidation			(3.0)			3.0		0.0	89.1	89.2
- Other movements*						0.0		0.0	31.9	31.9
Equity at 30 June 2010	**594.2**	**981.5**	**1,159.8**	**0.0**	**2,143.0**	**6,412.3**	**270.8**	**11,561.6**	**1,025.3**	**12,586.9**

(*) Other movements in minority interests include shares issued by CNP UniCredit Vita.

Consolidated statement of cash flows

The statement of cash flows includes:

• cash flows of fully-consolidated companies;

• the Group's proportionate share of the cash flows of jointly controlled entities consolidated by the proportionate method;

• cash flows arising from Group investments, dividends and other transactions with associates or jointly-controlled entities accounted for by the equity method.

Definition of cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments (sight deposits and other instruments) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

They include units in "ordinary" money market funds but do not include units in dynamic funds that are highly sensitive to changes in market prices, in accordance with the guidelines of the French financial markets authority (*Autorité des marches financiers* – AMF).

Cash and cash equivalents reported in the statement of cash flows are stated net of bank overdrafts used for cash management purposes.

Definition of cash flows from operating activities

Cash flows from operating activities correspond essentially to the cash flows of the Group's revenue-generating activities.

Definition of cash flows from investing activities

Cash flows from investing activities correspond to cash flows from purchases and sales of investment property and securities, operating property and equipment and intangible assets.

Definition of cash flows from financing activities

Cash flows from financing activities correspond to all cash flows leading to a change in the amount and components of equity and financing liabilities, as follows:

• share issues and cancellations;

• debt issues and repayments;

• purchases and sales of treasury stock;

• dividends paid to owners of the parent and minority shareholders of subsidiaries.

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

In € millions	30/06/2011	31/12/2010	30/06/2010
Cash and cash equivalents (reported in the balance sheet)	934.5	787.5	1,946.6
Cash and cash equivalents relating to assets held for sale	0.0	0.0	0.0
Operating liabilities due to banks	(298.3)	(273.2)	(164.1)
Securities held for trading	5,892.7	4,597.1	4,129.4
Total (reported in consolidated statement of cash flows)	**6,528.9**	**5,111.3**	**5,911.8**

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

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

Consolidated statement of cash flows

In € millions	*30/06/2011*	*31/12/2010*	*30/06/2010*
Operating profit before tax	**1,088.5**	**1,425.3**	**1,025.6**
Gains and losses on sales of investments, net	(65.3)	(588.8)	(394.0)
Depreciation and amortisation expense, net	53.1	101.5	51.6
Change in deferred acquisition costs	(8.5)	(37.7)	(37.4)
Impairment losses, net	292.3	224.9	238.7
Charges to technical reserves for insurance and financial liabilities	6,417.9	16,995.9	8,776.8
Charges to provisions, net	17.4	36.4	29.1
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	75.1	(1,160.0)	327.5
Other adjustments	(1,733.2)	(420.0)	518.2
Total adjustments	**5,048.9**	**15,152.1**	**9,510.5**
Change in operating receivables and payables	(542.1)	(861.3)	(1,175.9)
Change in securities sold and purchased under repurchase and resale agreements	(326.3)	415.0	(118.2)
Change in other assets and liabilities	(41.0)	(40.5)	(15.3)
Income taxes paid, net of reimbursements	(37.3)	(594.5)	(276.1)
Net cash provided by operating activities	**5,190.8**	**15,496.1**	**8,950.7**
Acquisitions of subsidiaries and joint ventures, net of cash acquired	0.0	0.0	0.0
Divestments of subsidiaries and joint ventures, net of cash sold		102.3	102.3
Acquisitions of associates	0.0	0.0	0.0
Divestments of associates	0.0	0.0	0.0
Net cash provided by divestments and acquisitions	**0.0**	**102.3**	**102.3**
Proceeds from the sale of financial assets	230,595.0	402,664.4	213,302.9
Proceeds from the sale of investment properties	0.4	64.8	20.5
Proceeds from the sale of other investments	2.3	7.4	4.2
Net cash provided by sales and redemptions of investments	**230,597.8**	**402,736.5**	**213,327.6**
Acquisitions of financial assets	(233,834.5)	(423,000.4)	(226,129.0)
Acquisitions of investment properties	(1.4)	(17.0)	(1.1)
Acquisitions and/or issuance of other investments	0.0	(0.9)	0.0
Net cash used by acquisitions of investments	**(233,835.9)**	**(423,018.3)**	**(226,130.1)**
Proceeds from the sale of property and equipment and intangible assets	(0.5)	0.6	0.6
Purchases of property and equipment and intangible assets	(52.9)	(105.4)	(33.8)
Net cash used by sales and purchases of property and equipment and intangible assets	**(53.4)**	**(104.8)**	**(33.1)**
Net cash used by investing activities	**(3,291.5)**	**(20,284.2)**	**(12,733.3)**
Issuance of equity instruments		48.9	31.9
Redemption of equity instruments	0.0	0.0	0.0
Purchases and sales of treasury shares	15.7	(6.3)	(1.8)
Dividends paid	(570.0)	(576.9)	(571.3)
Net cash used by transactions with owners	**(554.3)**	**(534.3)**	**(541.2)**
New borrowings (1)	1,039.7	750.1	0.1
Repayments of borrowings (2)	(752.8)	(7.5)	(3.9)
Interest paid on borrowings	(97.6)	(189.6)	(67.6)
Net cash (used) provided by other financing activities	**189.2**	**553.0**	**(71.4)**
Net cash (used) provided by financing activities	**(365.0)**	**18.7**	**(612.6)**
Cash and cash equivalents at beginning of period	**5,111.3**	**10,304.7**	**10,304.7**
Net cash provided by operating activities	5,190.8	15,496.1	8,950.7
Net cash used by investing activities	(3,291.5)	(20,284.2)	(12,733.3)
Net cash (used) provided by financing activities	(365.0)	18.7	(612.6)
Effect of changes in exchange rates	(6.0)	(19.9)	(14.0)
Effect of changes in accounting policies and other (3)	(110.6)	(404.0)	16.5
Cash and cash equivalents at the reporting date	**6,528.9**	**5,111.3**	**5,911.8**

(1) Issue of two tranches of subordinated debt comprising (i) €700 million of euro-denominated notes and (ii) GBP 300 million of sterling-denominated notes.
(2) Redemption of subordinated notes issued by CNP Assurances for an amount of €750 million.
(3) Negative adjustment to CNP Vida's opening cash balance of €112.2 million (negative adjustment of €420.5 million at 31 December 2010) due to reclassification to "Loans and receivables" and another negative variance of €1.6 million on the opening cash balance at 30 June 2011 (negative adjustment of €16.5 million at 31 December 2010).

Notes to the consolidated financial statements

Note 1. Significant events of first-half 2011

1.1 Sovereign debt risk exposure

At 30 June 2011, the Group's gross sovereign debt risk exposure totalled €117.1 billion, or an estimated exposure net of deferred participation and deferred taxation of €5.9 billion.

As regards Greek sovereign debt (gross exposure of €1.5 billion, net exposure of €62.2 million), in view of the illiquidity of the market for Greek bonds, which was especially marked in the second quarter of 2011, the Group has developed an internal model for valuing Greek debt securities at 30 June 2011.

Moreover, based on the declaration issued by the eurozone governments and European Union institutions on 21 July last, which confirmed the Group's assessment that a Greek rescue plan would have to involve the participation of the private sector, impairment losses totalling €353 million (€12.6 million, net of deferred taxation and shadow accounting adjustments) were recognised on these securities at 30 June 2011.

This impairment was calculated based on 79% of the nominal value of the securities and reflects the Group's assessment of the extent of private sector participation in the Greek rescue plan. This assessment is based on a market consensus of the economic value of Greek debt securities on 22 July 2011 rather than on any inherent accounting-based assessment of each of the provisions of the rescue plan and their implementation. As of the date of this report, the exact terms and conditions of the plan and the Group's participation still have to be determined. This information will allow the Group to measure the value of any new securities that may be received in exchange for, or in renewal of existing debt securities, or the conditions for redeeming existing debt, and the ultimate accounting impact of the Greek rescue plan. It is this private sector participation that explains the exceptional and unique description of the plan by the eurozone heads of government.

1.2 Redemption and issue of subordinated debt

On 11 April 2011, CNP Assurances exercised its option to redeem €750 million of subordinated notes issued on 11 April 2001.

In anticipation of this redemption, on 7 April 2011 the Group issued two tranches of subordinated notes with the following characteristics:

- EUR 700 million fixed to floating rate subordinated notes due 2041, bearing interest from 7 April 2011 until 30 September 2021 at a rate of 6.875% and thereafter at a floating rate with a step up of 100 basis points.
- GBP 300 million fixed to floating rate subordinated notes due 2041, bearing interest from 7 April 2011 until 30 September 2021 at a rate of 7.375% and thereafter at a floating rate with a step up of 100 basis points.

Both tranches have maturity profiles corresponding to debt instruments as defined in IAS 32.

The sterling-denominated tranche is the Group’s first debt issue in a foreign currency; a currency hedge has been set up that qualifies for cash flow hedge accounting under IAS 39.

1.3 Creation of a partnership between CNP Assurance and GDF Suez

A public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts has entered into 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, on 12 July 2011, the consortium acquired a 25% minority interest in GRT Gaz for €1.1 billion.

This interest has been acquired via a holding company jointly controlled by the members of the consortium. The holding company will fund its investment through a capital increase (of which €358 million - or 54.4% of the total - will be subscribed to by CNP Assurances), and the issue of €500 million worth of debt which will also be wholly financed by the consortium (including an amount of €270 million to be taken up by CNP Assurances,).

The agreement was signed on 27 June and the transaction completed on 12 July 2011.

The Group will recognise both its investment in the holding company and the debt instruments in available-for-sale financial assets from July 2011. At 30 June 2011, CNP’s commitment to invest in the capital (€358 million) and to take on part of the debt (€270 million) has been disclosed in Note 9.6 relating to commitments given and received.

Note 2. Subsequent events

In accordance with the agreement signed on 27 June 2011 to acquire a stake in GRT Gaz, on 12 July 2011 CNP Assurances subscribed to €358 million of equity and €270 million in bonds issued by the company holding the investment in GRT Gaz, as described in Note 1.3 Significant events.

Note 3. Summary of significant accounting policies

CNP Assurances, the parent company of the Group, is a *société anonyme* (public limited company) with a Board of Directors, governed by the French Insurance Code (*Code des assurances*). It has fully paid-up share capital of €594,151,292. The Company is registered in the Paris Trade and Companies Register under no. 341 737 062.

The registered office is located at 4, place Raoul-Dautry, 75015 Paris.

The Group's principal business is the writing of personal insurance. CNP Assurances' corporate purpose is to:

- write life and endowment insurance;
- write bodily injury insurance covering accident and health risks;
- hold majority interests in insurance companies.

The consolidated financial statements for the six months ended 30 June 2011 include the financial statements of the Company and its subsidiaries, as well as the Group's interests in the results and net assets of jointly controlled entities and associates. They were approved by the Board of Directors on 28 July 2011.

3.1 Statement of compliance

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

The Group entities all apply Group accounting policies, as presented in these notes. The accounting policies comply with those used to prepare the financial statements for the year ended 31 December 2010, with the exception of the standards, amendments and interpretations listed below, effective for 2011 financial statements.

New accounting standards adopted since 1 January 2011

- Revised IAS 24 – Related Party Disclosures, as published on 4 November 2009 and effective for annual accounting periods beginning on or after 1 January 2011, simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. These amendments do not have a material impact on the Group's disclosures.

- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, published on 26 November 2009 and applicable for accounting periods beginning on or after 1 July 2010, clarifies the accounting treatment applicable when an entity renegotiates the terms of a financial liability with a creditor and the creditor agrees to accept shares or other equity instruments to extinguish all or part of a financial liability. This interpretation, which recommends that the equity interests issued should be measured at fair value and any difference between the carrying amount of the financial liability extinguished and the equity instruments issued should be recognised in profit or loss, does not have a material impact on the Group's consolidated financial statements.

- The amendment to IAS 32 – Financial Instruments: Presentation, concerning the Classification of Rights Issues, published on 8 October 2009, clarifies the accounting treatment of certain rights issues denominated in a currency other than the issuer's functional currency. When rights are issued pro rata to the existing owners against a fixed amount of cash, they are equity instruments even if the exercise price of the rights issue is fixed in a currency that is not the entity's functional currency. This amendment does not have a material impact on the Group.

- Amendment to IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, published on 26 November 2009 and applicable to the first accounting period beginning after 31 December 2010, deals with cases where an entity makes voluntary prepaid contributions and there is a minimum funding requirement. The amendment states that the advantage accruing from this type of payment must be recognised as an asset. This amendment does not have a material impact on the Group.

- The annual improvements to IFRS, as published on 6 May 2010, include amendments to six standards and an interpretation. These amendments are applicable for accounting periods beginning on or after 1 January 2011. They do not have a material impact on the Group's consolidated financial statements.

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

None

Accounting standards and interpretations published but not yet in force

- IFRS 9 – Financial Instruments, republished on 28 October 2010 and applicable for accounting periods beginning on or after 1 January 2013, consolidates the first of the three phases involved in replacing IAS 39.

It uses a standard approach to determine whether a financial asset should be measured at amortised cost or fair value.

A financial asset is measured at amortised cost if a) the instrument is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and b) if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of a financial asset, an entity may designate the asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a mismatch. An entity may also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading (including realised gains and losses). However, dividends received from such investments are to be recognised in profit or loss.

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

As IFRS 9 has not yet been adopted by the European Union, it is not yet available for early application. The effective date of IFRS 9, including its various phases (phases II and III concerning impairment of financial instruments at amortised cost and hedge accounting), methodology and impact, are currently being studied by the Group.

- Amendment to IFRS 7 – Financial Instruments: Disclosures, published on 7 October 2010 and applicable for accounting periods beginning on or after 1 July 2012. The amendment will enhance disclosure and understanding of any transfer transactions of financial assets.

- Amendment to IAS 12 – Income Taxes, published on 20 December 2010 and applicable for accounting periods beginning on or after 1 January 2012, introduces a presumption that recovery of the carrying amount of an asset will normally be through sale unless the entity provides proof that recovery will be by another means. This presumption applies specifically to investment property at fair value and property and equipment and intangible assets measured using the revaluation model. This amendment is not expected to have a material impact on the Group's consolidated financial statements.

- IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, Revised IAS 27 – Separate Financial Statements and Revised IAS 28 – Investments in Associates and Joint Ventures, published on 12 May 2011. These new standards, which have not yet been approved by the European Union, will be applicable from 1 January 2013 with retrospective effect (early application is permitted provided all of the new standards are applied) and the Group is currently studying their basis of application and potential impact.

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

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

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

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

- IFRS 13 – Fair Value Measurement, published on 12 May 2011, will apply to accounting periods beginning on or after 1 January 2013 once it has been adopted by the European Union. It defines “fair value” and provides a single IFRS framework for initial measurement and subsequent remeasurement of fair value and all related disclosure requirements. The Group is currently studying the basis of application and the potential impact of the new standard on its own disclosure requirements.

- Revised IAS 19 – Employee Benefits, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 January 2013, introduces amendments to the treatment of past service cost in the event of a change in benefit plan and the basis for presenting changes to commitments in profit or loss. It removes certain choices for the recognition of actuarial gains and losses on defined benefit plans which must now be recognised directly in equity, i.e., the method already used by the Group. This amendment is not expected to have a material impact on the Group’s consolidated financial statements.

- Amendment to IAS 1 – Presentation of Financial Statements, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 July 2012, deals with income and expense recognised directly in equity. The amendment introduces a requirement to group items presented in the consolidated statement of income and expense based on whether they are potentially reclassifiable to profit or loss subsequently. This amendment is not expected to have a material impact on the presentation of the Group’s consolidated financial statements.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements are presented in millions of euros, rounded up or down to the nearest decimal.

They have been prepared according to the cost model, except for (i) insurance assets and liabilities and assets and liabilities related to investment contracts with a discretionary participation feature which have been measured by the methods used in the French GAAP accounts and (ii) the following assets and liabilities which have been measured by the fair value model: financial assets at fair value through profit or loss (financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss), available-for-sale financial assets, investment property held in unit-linked portfolios and derivative instruments separated from their host contracts.

Non-current assets and groups of assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell, with the exception of deferred tax assets, assets generated by employee benefits, financial assets, investment property measured at fair value and assets arising under insurance contracts, all of which are measured using their own specific valuation basis.

The preparation of financial statements in accordance with IFRSs requires the use of estimates and assumptions that have an impact on the application of accounting policies and on the reported amounts of assets and liabilities, income and expenses. The main balance sheet headings concerned by such estimates and assumptions include goodwill (particularly with regard to impairment testing), the value of In-force business acquired, assets measured at fair value not quoted in an active market, insurance-related assets and liabilities (technical reserves, deferred participation assets and deferred participation reserves) and deferred taxes.

These estimates and the underlying assumptions are based on past experience, regulatory information, generally accepted actuarial principles and other factors considered reasonable under the circumstances.

They serve as the basis for the exercise of judgement in determining the carrying amounts of assets and liabilities which cannot be obtained directly from other sources. Actual values may be different from these estimates. Estimates and the underlying assumptions are reviewed at regular intervals.

The effect of changes in accounting estimates are recognised in the period in which the change occurs.

The accounting policies described below have been applied consistently to all periods presented in the consolidated financial statements.

They have been applied uniformly by all Group entities.

3.3 Basis of consolidation

The consolidated financial statements include the financial statements of subsidiaries, jointly-controlled entities and associates.

Subsidiaries

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

New subsidiaries are consolidated from the date when control is acquired. Divested subsidiaries are consolidated up to the date when control is relinquished.

Jointly-controlled entities (joint ventures)

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

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

Associates

An associate is an entity over which the Group has significant influence. Significant influence is defined as the power to participate in the financial and operating policy decisions of the associate.

It is presumed to be exercised when the Group holds at least 20% of the associate's voting rights, directly or indirectly. However, this is only one of the yardsticks used, and the existence or absence of significant influence may be determined on the basis of other factors, regardless of the percentage of voting rights held. Other indicators of significant influence include representation on the board of directors or equivalent governing body of the associate and material transactions between CNP Assurances and the associate.

The consolidated financial statements include the Group's share of the net assets and profits of associates, recognised by the equity method, from or up to the date when the Group exercises or ceases to exercise significant influence.

If the Group's share of an associate's losses is equal to or greater than the carrying amount of its investment in the entity concerned, the investment is reduced to zero and recognition of the Group's share of future losses is discontinued, unless the Group has incurred legal or constructive obligations to bear a portion of future losses or to make payments on behalf of the associate.

3.4 Intragroup transactions

All material intragroup balances, transactions, income and expenses are eliminated in full. Income and expenses from transactions with associates and joint ventures should be eliminated based on the Group's share of the entity's profit. Losses resulting from the impairment in value of an asset transferred in an intragroup transaction are not eliminated.

3.5 Deferred policyholder's participation asset/reserve

The adjustments made in application of IFRS 4 lead to the recognition of deferred policyholders' participation in liabilities.

There are two types of deferred participation:

3.5.1 Unconditional participation

All differences in the calculation base of future rights between the separate financial statements and the consolidated financial statements are recognised in the deferred participation reserve.

This applies in particular to policyholder rights in positive and negative fair value adjustments and restatements of the separate financial statements of Group entities. Their amount is adjusted using a method that is consistent with the initial measurement and the pattern of recognition in profit or loss of fair value adjustments and restatements.

3.5.2 Conditional participation

This corresponds to the difference in rights between the separate and consolidated financial statements, whose payment depends on a management decision or the occurrence of an event.

These rights are recognised only when the event or management decision is highly probable. Conditional participation also arises from the application of the shadow accounting technique described in Note 3.13.2.

3.6 Foreign currency translation

The functional currency of subsidiaries, in which the majority of transactions are denominated, is their local currency.

Assets and liabilities of foreign operations – mainly foreign subsidiaries and independent branches – including goodwill and fair value adjustments recorded on consolidation, are translated into euros at the closing exchange rate.

Income and expenses of foreign operations, other than entities operating in a hyperinflationary economy, are translated at the exchange rate on the transaction date. For practical reasons, the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

3.7 Foreign currency transactions

Foreign currency transactions are recognised and measured in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates.

In accordance with IAS 21, foreign currency transactions are translated into the entity's functional currency at the exchange rate on the transaction date. For practical reasons, in certain cases the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

At each reporting date, monetary balance sheet items are translated using the closing rate, and the resulting exchange differences are recognised in profit or loss.

Non-monetary assets and liabilities measured using the cost model are translated into euros at the exchange rate on the transaction date, while non-monetary assets and liabilities measured using the fair value model are translated at the exchange rate on the date of remeasurement at fair value. When a gain or loss on a non-monetary item is recognised directly in equity, the difference arising on translation of the item is also recognised in equity. Similarly, when a gain or loss on a non-monetary item is recognised directly in profit or loss, the translation difference is also recognised in profit or loss.

Derivative instruments designated as hedges of currency risks on foreign currency transactions are recognised in the balance sheet and measured at fair value.

3.8 Business combinations and other changes in scope of consolidation

Business combinations in which the Group acquires control of one or more businesses are recognised using the purchase method.

Business combinations carried out prior to 1 January 2010 are recognised in accordance with the accounting principles used to prepare the financial statements for the year ended 31 December 2009. Minority interests (also known as non-controlling interests) are measured at the Group's proportionate share in the acquiree's net revalued assets, while adjustments to contingent consideration are treated as an adjustment to the cost of the combination.

Business combinations that take place after 1 January 2010 are recognised and measured in accordance with revised IFRS 3. Consideration transferred (acquisition cost) is measured at the acquisition-date fair value of the assets transferred, liabilities incurred and equity interests issued by the buyer. The acquiree's identifiable assets and liabilities are measured at fair value at the acquisition date. Costs directly attributable to the business combination are expensed as incurred.

Any excess of the consideration transferred over the Group's proportionate share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the consideration transferred is lower than the Group's proportionate share in the net assets of the acquiree measured at fair value, the difference is recognised directly in profit or loss for the period.

The Group can choose to measure its minority interests at fair value. In this case, goodwill is calculated on the basis of all identifiable assets and liabilities (full goodwill method). Goodwill is calculated at the date control is obtained and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of minority interests.

Acquisitions and disposals of minority interests are recognised directly in equity.

The initial accounting for a business combination must be completed within 12 months of the acquisition date. This timeline applies to the measurement of identifiable assets and liabilities, consideration transferred and minority interests. In principle, any adjustments made after the measurement period affecting financial assets or liabilities are recognised in profit or loss.

3.9 Intangible assets

3.9.1 Goodwill

Goodwill is equal to the difference between the acquisition cost to the buyer and the fair value of the corresponding identifiable assets and liabilities. Negative goodwill is recognised directly in profit or loss.

Positive goodwill is:

- recognised in intangible assets when it arises on the acquisition of entities consolidated by the full-consolidation or proportionate methods;
- included in investments in associates when it arises on the acquisition of an entity accounted for by the equity method.

It is recognised in the local currency of the acquiree and translated into euros at the closing exchange rate when it arises on the acquisition of a foreign entity (outside the eurozone).

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs likely to benefit from the synergies developed within the scope of the business combination resulting from the acquisition. A cash-generating unit is defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Group identifies CGUs by entity or group of similar entities.

When goodwill is positive, it is stated in the balance sheet at cost less any accumulated impairment losses. It is no longer amortised but tested for impairment:

- each year on the same date, usually close to the reporting date;
- or more frequently if events or changing market conditions indicate that it may be impaired since it was last tested for impairment;
- or at the end of a period in which an acquisition has taken place if there is a marked deterioration in the business environment.

An impairment loss is recognised if the recoverable amount of the CGU to which the goodwill has been allocated is less than its carrying amount. The recoverable amount is defined as the higher of its fair value less costs to sell and value in use.

The Group usually calculates value in use as the net asset value of the CGU plus the present value of expected future revenues from existing portfolios and new business.

Expected future cash flows are based on the assumption that the business will continue over the long-term and that relations with banking partners will be pursued beyond the renewal date of current agreements, as well as on forecasts that have been validated by the Board of Directors and extrapolated in line with the growth rates generally used within the industry for the businesses concerned, and using conservatively estimated discount rates in line with the average weighted cost of capital.

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

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

Internal indicators:

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

External indicators:

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

3.9.2 Life insurance portfolios

The fair value of insurance contracts and financial instruments with a discretionary participation feature acquired in a business combination or a separate transaction is split into two components, as follows:

- a liability measured in accordance with the Group's accounting policies for insurance contracts and financial instruments with a discretionary participation feature;
- an intangible asset ("Value of business in force") representing the difference between the fair value of these contracts and the amount described above.

The value of business in force corresponding to purchased insurance portfolios is generally amortised by the effective interest method over the portfolios' remaining life.

3.9.3 Distribution agreements

The value of a distribution agreement represents the future cash flows expected to result from new business relating to a partner network falling within the scope of such an agreement. These intangible assets are estimated based on the terms and conditions specific to each agreement, and are amortised over the term of the agreement taking into account a residual value where appropriate.

3.9.4 Intangible asset related to the reform of the French pension system

Pursuant to Article 26 of French Act No. 2010-1330 of 9 November 2010, dealing with the reform of the French pension system, the insurer is entitled to receive a termination payment. This entitlement has been recognised as an intangible asset in the consolidated financial statements for its recoverable amount and will be amortised over a five-year period. The Group has developed impairment indicators and impairment testing procedures to identify any impairment of said entitlement and recognise it in profit or loss if necessary. Apart from a presentational difference whose impact has been deemed non-material, this treatment complies with guidance published on 3 February 2011 by the French accounting standards authority (*Autorité des normes comptables* – ANC).

3.9.5 Software

Purchased software licences are recognised as an intangible asset at cost less accumulated amortisation and any accumulated impairment losses.

Directly attributable internal and external costs of developing software for internal use, integrating business applications and evolutive maintenance are capitalised if, and only if, it is probable that they will have the effect of increasing the future economic benefits to be derived from the asset and comply with the other provisions of IAS 38. Costs that do not fulfil the criteria for recognition as an asset are recorded in expenses for the period.

Software licences and development costs are generally amortised over five years.

3.10 Investments

3.10.1 Property

Investment property is property (land or building) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

The Group has elected to measure investment and operating properties using the cost model under IAS 40 and IAS 16, except for properties held in unit-linked portfolios which are measured at fair value.

Details of the fair value of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value corresponds to the probable realisable value of properties and shares in unlisted property companies. It is determined on the basis of five-year valuations performed by a qualified expert recognised by the French prudential control authority (*Autorité de Contrôle Prudentielle* – ACP). In the period between two five-year valuations, fair value is estimated at each year-end and the amounts obtained are certified by a qualified expert.

Under the cost model, properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Borrowing costs directly attributable to acquisition or construction are included in the cost of the asset and expensed once the building is in use.

For the purpose of determining depreciation periods, properties are considered as comprising five significant parts with different useful lives:

- land;
- shell and roof structure;
- facades and roofing;
- fixtures;
- technical installations.

Maintenance costs are added to the cost of the part of the property to which they relate when it is probable that they will generate future economic benefits and they can be measured reliably.

Expenses directly attributable to the purchase of a property are included in its cost and depreciated over the useful life of the shell.

Depreciation

Depreciation is calculated on a straight-line basis to write off the acquisition or construction cost of each significant part of a property over its estimated useful life.

Due to the difficulty of reliably determining the residual value of property, investment and operating properties are considered as having no residual value.

Depreciation periods are based on the estimated useful lives of the significant parts of each property, with the exception of land which is not depreciated. These periods are as follows:

- shell: 50 years;
- facades and roofing: 30 years, except for warehouses, factories, shopping centres and cinemas: 20 years;
- technical installations: 20 years;
- fixtures: 10 years.

Impairment

At the end of each reporting period, properties are assessed to determine whether there is any indication that they may be impaired. One such indicator is a loss of over 20% of the building's value measured against cost. If any such indicators are found to exist, the recoverable amount of the building in question is estimated.

The recoverable amount of a property is the higher of its value in use and its market price less costs to sell, as determined by annual independent valuations of the Group's entire property portfolio.

3.10.2 Financial assets

Classification

Financial assets are allocated among the following four categories, based on the type of portfolio, the type of financial assets, the specific features of certain financial assets and prioritised application of the criteria defining each category:

- financial assets at fair value through profit or loss, corresponding to assets held for trading and assets designated at the outset as being at fair value through profit or loss in accordance with the fair value option. Financial assets allocated to this category include assets backing unit-linked liabilities, assets with an embedded derivative that is separable from the host contract, assets of consolidated mutual funds and derivative instruments;
- held-to-maturity investments, corresponding to fixed-income securities that the Group has the positive intention and ability to hold to maturity. This classification is applied restrictively to certain bonds, held mainly by Caixa Seguros;
- loans and receivables, corresponding to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than assets classified as held for trading or available-for-sale;
- available-for-sale financial assets, corresponding to assets that are not held with the firm intention of being sold but which the Group may decide to sell, for example to meet its liquidity needs. This classification is applied to assets not classified in any of the above three categories.

Recognition

Financial assets are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recorded on the transaction date.

Financial assets are initially recognised at fair value. The carrying amount includes directly attributable transaction costs, except in the case of financial assets at fair value through profit or loss.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the asset is transferred in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset.

Valuation method

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value.

Changes in fair value of available-for-sale financial assets are recognised directly in equity, taking into account the impact on liabilities arising from insurance contracts and financial instruments with a discretionary participation feature (DPF) (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Changes in fair value of financial assets at fair value through profit or loss are recognised directly in profit or loss, taking into account the impact on liabilities arising from insurance contracts and financial instruments with DPF (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Loans and receivables and held-to-maturity investments are measured at amortised cost by the effective interest method. Fees and points paid or received, directly attributable transaction costs, and all other premiums or discounts are recognised in the income statement over the expected life of the instrument.

The fair value of financial instruments for which there is no active market is estimated using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment

Financial assets other than those measured at fair value through profit or loss are tested for impairment at each reporting date. A financial asset has been impaired if there is objective evidence of impairment based on one or a number of events whose impact on the asset's estimated future cash flows may be reliably determined.

Assets measured at amortised cost and debt instruments available for sale

For debt instruments held to maturity or available for sale, an impairment loss related to their fair value is recognised in the income statement if future cash flows are unlikely to be entirely recoverable due to the existence of one or more objective indicators of impairment.

However, downgrading by a rating agency or widening credit spreads do not in themselves constitute objective evidence of impairment.

Available-for-sale equity instruments

At each reporting date, available-for-sale equity instruments are reviewed to determine whether there is any objective evidence that they are impaired. This is considered to be the case when there is:

- a prolonged decline in the fair value: the market price is less than the average carrying amount over the three years preceding the reporting date; or

- a significant decline in fair value: the market price at the reporting date represents less than 50% of the average carrying amount.

When objective evidence of impairment is detected, the cumulative unrealised loss previously recorded directly in equity is recognised in profit or loss.

Moreover, in all cases where these thresholds have not been exceeded but the market price represents less than 70% of the average carrying amount over the previous six months, the Group systematically tests all equity instruments on an asset-by-asset basis to ascertain whether or not an impairment loss needs to be recognised.

This approach is based on both the materiality of the decline in the fair value and the intrinsic underlying features of the valuation for each asset.

Any subsequent decline in fair value is recognised in profit or loss as an impairment expense.

A similar method is employed for unlisted variable-income securities.

Reversals of impairment losses

**** Available-for-sale financial assets***

Impairment losses recognised in the income statement on available-for-sale equity instruments are reversed through profit or loss when the instrument is derecognised.

If the fair value of an available-for-sale debt instrument increases in a subsequent period due to new events, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

**** Loans and receivables, held-to-maturity investments***

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, provided that the reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.10.3 Derivative instruments

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics: (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (the "underlying"); (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date.

Derivative instruments are classified as financial assets at fair value through profit or loss except for instruments designated as hedges whose effectiveness can be demonstrated.

Embedded derivatives are separated from their host contract and recognised as derivative instruments when the following three conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (combined) contract is not measured at fair value with changes in fair value recognised in profit or loss.

If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, the entire combined contract is treated as a financial asset or financial liability at fair value through profit or loss.

Hedge accounting

Derivatives designated as hedging instruments are accounted for in accordance with IAS 39 if they are part of a designated hedging relationship as defined by the standard.

At present, the Group uses cash flow hedge accounting only. For current and any future operations, this involves (i) documenting the hedging relationship and risk management objective and strategy for undertaking the hedge and (ii) assessing the effectiveness of the hedge at inception and over the life of the hedge by demonstrating the effectiveness of the hedging relationship both retrospectively and prospectively.

Cash flow hedge accounting consists of recognising the effective portion of changes in the fair value of the derivative in equity. The gain or loss on the ineffective portion of the hedge is immediately recognised in profit or loss. The cumulative gains or losses recognised in equity are recycled to the income statement over the period in which the hedged item impacts profit or loss. If the hedging instrument expires or is sold or no longer qualifies for hedge accounting, cumulative gains or losses recognised in equity are recycled to the income statement either immediately or as and when the transaction initially hedged is completed. The fair value of derivatives designated as hedging instruments is disclosed in Note 9.4.

3.10.4 Measurement of financial assets at fair value

A financial instrument is considered as traded in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions conducted on an arm's length basis. The main criteria used in determining whether or not a market is active is how recent the quoted prices actually are as well as the liquidity of the securities traded. The market in question will be considered inactive if the number of transactions falls sharply or remains at a very low level or if there is a rapid widening in bid – ask spreads.

In the case of financial instruments whose price is not quoted in an active market (i.e. no price is quoted or a price is quoted but the market does not qualify as active, as is the case for certain structured products), fair value prices are estimated using valuation techniques. These are based on:

- prices not freely available provided upon demand by the arrangers, pricing services, or prices provided by an external agency that are freely available but where the market on which the assets are traded is not always active;
- internal models that maximise the use of observable market data to measure financial assets.

For example, for structured products, the Group uses the price provided by the arrangers, unless:

- the Group's own analysis casts doubts on the reliability of said price; or
- it has obtained market prices using an internal model.

Structured products held by the Group consist of financial instruments for which income is indexed to indices, baskets of equities, hedge funds, interest rates and credits. They may also comprise embedded derivatives that can modify the structure of revenues or repayments.

The Group negotiates with each arranger for prices to be quoted every month. These prices correspond to the products' economic value. Their reliability is checked on a test basis and in the case of a significant change, using valuation techniques (for example, discounted cash flow analysis) or by asking the arrangers for details of the methods used. To date, these checks have consistently confirmed the reliability of the prices quoted by the arrangers. The Group checks the quality of the arrangers' valuation methods and issues' ratings and the absence of any credit events.

Structured product valuation principles

The aim of the valuation techniques is to obtain estimated values that approximate the economic value of a position using prices and rates corresponding to the underlying assets or benchmark interest rates. The prices quoted by the arrangers correspond to the estimated amount that a buyer would be willing to pay to purchase the asset. Actual prices could be significantly different from these estimates, due to various factors such as credit spreads, market liquidity, the size of the position, financing costs, and hedging costs and risks.

The valuation techniques used:

- make maximum use of market inputs;
- incorporate all factors that market participants would consider in setting a price; and
- are consistent with accepted economic methodologies for pricing financial instruments.

Fair value hierarchies

The Group uses the following three-level measurement hierarchy for financial instruments (see Note 9.2):

- Level 1: financial instruments measured using quoted prices in active markets. The fair value of most financial instruments held by the Group is determined based on the quoted market price, whenever quoted prices are readily and regularly available and represent actual and regularly occurring market transactions conducted on an arm's length basis. The active market for such transactions is the market in which the most recent prices were quoted along with the largest volumes of

transactions.

The following financial assets are measured at their quoted market price:

- equities, measured on the basis of quoted prices on their reference market,
- mutual funds units, measured at their net asset value,
- bonds, EMTNs, BMTNs: for each instrument, the value is determined based on the most recent of the quoted prices available – on the stock exchange, from brokers, trading rooms or trading platforms, the ICMA Price Service (average prices) or BGN (average prices excluding highs and lows) – taking into account liquidity factors in the choice of market,
- BTAN treasury notes, at the prices quoted under the Banque de France's centralised quotation system,
- derivatives traded on an organised market.

- Level 2: financial instruments measured by standard valuation techniques using mainly observable inputs. These include:

- structured products valued by the Group, arrangers or external valuers,
- investments in unlisted securities,
- OTC derivative contracts,
- money market securities other than BTANs measured based on the zero coupon price curve plus a spread,
- any other quoted financial instrument for which no active market exists.

- Level 3: financial instruments measured using inputs not based on observable market data (unobservable inputs). These are defined as inputs based neither on observable market transactions involving the same instrument at the measurement date, nor on observable market data available at the same date. Very few financial instruments used by the Group fall into this level, but it would be used, for example, to classify asset-backed securities. For such instruments, the Group ensures that any change in inputs used for measurement purposes based on reasonable alternative scenarios would not have any material impact on the consolidated financial statements.

3.11 Equity

3.11.1 Components of equity

Equity includes share capital, retained earnings, unrealised gains and losses from remeasurement at fair value of available-for-sale financial assets net of tax and shadow accounting adjustments, the capitalisation reserve net of tax, and subordinated debt instruments classified in equity due to the discretionary nature of interest payments (see Note 3.16).

3.11.2 Capital management

Under European insurance directives, the Group is required to comply with certain minimum capital requirements at the level of the Company and of each of its European insurance subsidiaries, as well as at consolidated level.

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

At 30 June 2011, based on a method similar to that used to calculate its annual minimum capital requirements, the insurance subsidiaries and the Group as a whole complied with minimum capital requirements.

3.12 Treasury shares

Treasury stock, corresponding mainly to shares acquired to stabilise the CNP Assurances share price, are recorded as a deduction from equity in the IFRS accounts. The same treatment is applied to CNP Assurances shares acquired for allocation under employee share grant plans (see Note 3.15.2).

3.13 Insurance and financial liabilities

3.13.1 Contract classification

Contracts recognised and measured in accordance with IFRS 4 include:

- insurance contracts (see definition below) that cover a risk for the insured. Examples include personal risk contracts, pension contracts, property and casualty contracts and unit-linked savings contracts with a guaranteed element;
- financial instruments with DPF, comprising both traditional savings contracts with DPF and unit-linked contracts including a traditional savings component with DPF.

Financial instruments without DPF are recognised and measured in accordance with IAS 39. This category corresponds to unit-linked savings contracts that do not have any traditional savings component or guaranteed element.

Contracts that do not fulfil the criteria for classification as either insurance contracts (IFRS 4) or financial instruments without DPF (IAS 39) fall within the scope of:

- IAS 18, when they correspond to the provision of services; or
- IAS 19, for contracts taken out in connection with benefit plans in favour of Group employees.

3.13.2 Insurance contracts and financial instruments with DPF

Insurance contracts and financial instruments with DPF are accounted for in accordance with Group accounting policies, as well as with the specific provisions of IFRS 4 concerning shadow accounting and liability adequacy tests. At each reporting date, the Group assesses whether its recognised insurance liabilities net of its insurance assets (deferred participation asset plus other insurance-related intangible assets) are adequate, using current estimates of future cash flows under the insurance contracts and financial instruments with DPF.

Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or another beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or beneficiary are classified as insurance contracts.

Insurance risk is a risk other than a financial risk. Financial risk is the risk of a possible future change in one or more variables such as a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable. In the case of a non-financial variable, if the variable is not specific to a party to the contract, the risk is financial; otherwise it is an insurance risk. Surrender risk, extension risk or the risk of higher-than-expected administrative costs are not insurance risks, unless they are risks originally incurred by the policyholder that are transferred to the Group under an insurance contract.

For each group of contracts with similar characteristics, the significance of the insurance risk is assessed based on a single representative contract. Under this approach, the insurance risk may be considered significant although the probability of the group of contracts generating a loss that has a material adverse effect on the financial statements is remote due to the pooling of risks.

Financial instruments with a discretionary participation feature (DPF)

Contracts that do not expose the Group to an insurance risk or for which the insurance risk is not material are qualified as financial instruments when they give rise to a financial asset or liability. Contracts are qualified as financial instruments with DPF when they incorporate a contractual or regulatory entitlement to receive, as a supplement to guaranteed benefits, additional benefits:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the Group's discretion; and
- that are contractually based on the performance of a specified pool of contracts or a specified type of contract, or realised and/or unrealised investment returns on a specified pool of assets held by the Group, or the profit or loss of the company, fund or other entity that issues the contract.

Hybrid contracts

Certain contracts written by the Group comprise both an insurance component and a deposit component. These two components are unbundled only when the deposit component can be measured separately and, under the Group's

accounting policies, the rights and obligations arising from the deposit component would not be recognised if the contract was not unbundled. The insurance component of an unbundled contract is accounted for under IFRS 4 and the deposit component under IAS 39.

In line with the policy described above, the components of combined unit-linked and non-unit-linked contracts written by the Group are not unbundled.

> Life insurance and savings contracts

Premiums

Premiums on contracts in force during the period are recognised in revenue after adjustment for:

- the estimated earned portion of premiums not yet written on group contracts comprising whole life cover;
- estimated cancelled premiums, determined by reviewing written premiums and earned premiums not yet written. This adjustment is made for the main products based on the observed cancellation rate for contracts written and cancelled during the period.

Technical and mathematical reserves

Reserves for contracts including whole life cover include the portion of premiums written but not earned during the reporting period.

Mathematical reserves for non-unit-linked contracts correspond to the difference between the present value of the respective commitments of the Group and the policyholder.

Liabilities arising from life insurance contracts are determined using a discount rate that is equal to or less than the conservatively estimated forecast yield on the assets backing the liabilities.

Insurance liabilities are discounted at a rate that is equal to or less than the contractual rate, using regulatory mortality tables or internal experience-based tables if these are more conservative. The discount rate applied to annuities takes into account the effects of a fall in interest rates when the contractual rate is considered too high compared with the expected yield from reinvested premiums.

A general reserve is set up for future contract administration costs not covered by premium loading or by the fees levied on financial products.

When policyholders are entitled to participate in surplus underwriting profits and investment income in addition to the guaranteed minimum yield, any surplus not paid during the period is accumulated in the policyholder surplus reserve.

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

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

An unexpired risks reserve is set up to cover claims and benefits outstanding at the reporting date.

Mathematical reserves for unit-linked contracts are determined by reference to the assets backing the linked liabilities. Gains and losses arising from the remeasurement of these assets at fair value are recognised in profit or loss, to offset the impact of changes in the related technical reserves.

Reserves for guaranteed yields are determined using the Black & Scholes method.

> Disability, accident and health insurance

Premiums are recognised net of taxes and estimated cancelled premiums.

Earned premiums for the period are adjusted for:

- estimated earned premiums not yet written at the period-end;
- the change in the unearned premium reserve (corresponding to the portion of premiums written during the period that relates to the next period).

A reserve is recorded to cover timing differences between the coverage of risks and their financing in the form of insurance premiums.

Claims are recognised in the period in which they are incurred. The amount recorded covers both reported claims and estimated claims incurred but not reported (IBNRs).

Claims reserves are based on the estimated cost of settling the claims, net of any forecast recoveries.

A deferred participation reserve is recorded for participating contracts, based on shadow accounting principles.

A reserve is also recorded for claims handling expenses.

> Liability adequacy test

At each period end, the Group assesses whether its recognised insurance liabilities, net of its insurance assets (deferred participation asset plus insurance-related intangible assets), are adequate, based on current estimates of future cash flows under its insurance contracts and financial instruments with DPF. The test is performed using asset-liability management models, by applying a stochastic approach to estimate liabilities according to a wide range of scenarios. The models take into account embedded derivatives (policyholder surrender options, guaranteed yields, etc.) and administrative costs. The test determines the economic value of insurance liabilities corresponding to the average of the stochastic trajectories. Similar-type contracts are grouped together when performing the test and the results are analysed at entity level: if the sum of the surrender value and deferred participation (asset or liability), less related deferred acquisition costs and related intangible assets, is less than the fair value of the recognised insurance liability, the shortfall is recognised in profit or loss.

> Shadow accounting

Shadow accounting procedures are designed to address the risk of an artificial imbalance between assets and liabilities valued using different valuation models. When the measurement of liabilities, deferred acquisition costs or the value of business in force is directly affected by realised gains and losses on assets, a deferred participation reserve is recorded in insurance liabilities to offset the unrealised gains or losses in financial assets. Deferred participation is accounted for in the same way as the underlying, i.e., by adjusting either profit or the revaluation reserve.

The deferred participation reserve is determined by multiplying fair value adjustments to assets by the estimated participation rate corresponding to the contractual obligations associated with each portfolio. The estimated participation rate takes into account regulatory and contractual participation clauses, as well as the Group's profit-taking programme and policyholder dividend policy. Participation rates applied to unrealised gains and losses for shadow accounting purposes are the same as the rates applied to consolidation adjustments for the purpose of determining deferred participation.

The portion of gains or losses attributable to policyholders is determined based on the terms of participating contracts. Shadow accounting is not applied to non-participating contracts that fall outside the scope of regulations requiring payment of a guaranteed minimum participating dividend.

The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve or in assets as a deferred participation asset.

Deferred participation assets are tested for recoverability to ensure that the amount calculated based on the participation rates estimated as described previously and in accordance with the going concern principle, is recoverable out of future actual or unrealised profits and will not result in liability inadequacy vis-à-vis the Group's economic obligations. Recoverability testing uses the same methods as liability adequacy testing described above.

Pursuant to the recommendation of the *Conseil national de la comptabilité* (French national accounting board – CNC) of 19 December 2008 concerning the recognition of deferred participation assets in the consolidated accounts of insurance companies, the recoverability of these amounts is enhanced by the Group's conservative assessment of its ability to continue to hold its assets, in particular no future retained fund flows have been taken into account. Moreover, the Group has demonstrated the recoverability of the deferred participation assets using unprecedented surrender rates.

> Reinsurance

Outward reinsurance

Premiums, claims and technical reserves are stated before reinsurance. Ceded amounts are recognised under the "Reinsurance result" line item of the income statement.

Ceded technical reserves are tested for impairment at each reporting date. If there is objective evidence that these reserves are impaired, as a result of an event that occurred after initial recognition, the carrying amount of the asset is reduced by recording an impairment loss in the income statement. For reinsurance assets secured by collateral, the estimated discounted cash flows from the asset take into account cash flows from the sale of the collateral, net of the estimated cost of obtaining execution of the guarantee, regardless of whether or not such sale is considered probable.

Inward reinsurance

Inward reinsurance contracts give rise to a significant insurance risk and are therefore accounted for in the same way as insurance contracts.

3.13.3 Financial instruments without DPF (IAS 39)

Financial instruments without DPF are initially recorded at fair value. The premium loading is recognised in "Revenue from other activities".

Unit-linked contracts are subsequently measured at fair value, with changes in fair value recognised in profit or loss.

Traditional savings investment contracts are subsequently measured at fair value, corresponding to their surrender value.

3.13.4 Service contracts

Contracts that do not expose the Group to an insurance risk or for which the insurance risk is not material are qualified as service contracts when they do not give rise to any financial asset or liability. In accordance with IAS 18, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, provided that the transaction's outcome can be estimated reliably.

3.14 Property and equipment

Property and equipment consists mainly of office equipment and miscellaneous installations.

Office systems equipment is depreciated over three years and fixtures, fittings and technical installations over 10 years.

3.15 Employee benefit obligations

Employee benefit obligations are recognised in full in the balance sheet in accordance with the amendment to IAS 19, except for share grants which are recognised and measured in accordance with IFRS 2.

3.15.1 Employee benefit plans

Defined benefit pension plan

At the beginning of July 2006, the Group set up a defined benefit supplementary pension plan governed by Article 39 of the French Tax Code (*Code général des impôts*). The annuity and financial risks arising from the retirement of plan participants are covered by an insurance policy.

Obligations under defined benefit plans and the related costs are measured by the projected unit credit method. The amount recognised in the balance sheet for pension obligations corresponds to the difference between the projected benefit obligation and the fair value of the plan assets.

The actuarial assumptions used to measure defined benefit obligations vary depending on economic conditions in the country in which the plan has been set up.

Length-of-service awards payable to employees on retirement and jubilees

Obligations for the payment of length-of-service awards and jubilees are measured by the projected unit credit method and recognised as a liability.

Early-retirement plans

Obligations under early-retirement plans are measured at the discounted present value of probable future benefit payments and recognised as a liability.

Business start-up grants

Financial assistance given to employees to set up a new business or acquire an existing business is recognised in the balance sheet.

Discount rate

The discount rate corresponds to the interest rate for investment-grade corporate bonds traded in an active market or, where there is no deep market for such bonds, government bond rate with maturities that match the duration of the benefit obligation.

For early-retirement plans, as the duration of the benefit obligation is shorter, the discount rate is based on the yield curve at a date close to the reporting date.

Accounting treatment

The Group has elected to apply the option available under IAS 19, allowing the recognition in equity of actuarial gains and losses under defined benefit plans.

The plans are either funded or unfunded. Assets of funded plans are segregated and managed separately from the Group's assets, and any funding surplus or deficit is recognised in the balance sheet.

Liabilities under unfunded plans are recognised in the balance sheet.

The Group has elected not to apply the corridor method and recognises gains and losses on post-employment defined benefit plans in equity. Actuarial gains and losses on other post-employment benefits are recognised directly in profit or loss.

Actuarial losses recognised in current profit for defined-benefit plans comprise two elements:

- current service cost and past service cost;
- interest cost (reflecting the unwinding of any discounting to present value) less the expected return on plan assets.

3.15.2 Share-based payment

Accounting treatment of employee share grants

The shares held for allocation when the share grants vest are recorded as a deduction from equity. The difference between the average cost of the shares and their fair value at the grant date is recognised in equity, with no impact on profit. The cost of the employee services received in exchange for the grants is measured by reference to the fair value of the shares, in accordance with IFRS 2, and is recognised in employee benefits expense over the vesting period, with a corresponding adjustment to equity. The cost recognised in profit or loss takes into account the estimated number of grantees at each reporting date and the cost of managing the shares.

3.16 Financing liabilities and subordinated debt

Perpetual subordinated notes for which the Group determines the timing of interest payments are classified as equity instruments. All other dated and undated debt instruments, especially those with a repayment schedule, are classified as financing liabilities in accordance with IAS 32.

3.17 Acquisition costs and operating expenses

Underwriting expenses are presented by function:

- claim and benefit handling expenses include the costs of the departments responsible for paying claims, endowments and periodic benefits and processing surrenders;
- acquisition costs include all selling, distribution and administrative costs incurred for the acquisition of new contracts;
- contract administration expenses include all the costs of managing In-Force business;
- investment management costs include all internal and external costs of managing asset portfolios and financial expenses;
- other underwriting costs correspond to overhead expenses that cannot be allocated rationally to the other functions;
- non-underwriting costs correspond to costs related to businesses that have no technical link to the insurance business.

Cost recognition and allocation:

- operating expenses are initially recognised by nature and are then reallocated by function;
- costs recognised by nature that relate to a single function are posted to the function concerned without applying any allocation key.

Other costs are analysed between:

- corporate costs, which are allocated to the operating centres using statistical cost allocation keys or actual business data;
- operating costs, as adjusted to include corporate costs, which are allocated to the functions using a specific allocation key for each business.

3.18 Taxation

Group relief

CNP Assurances and its main French subsidiaries have elected to file a consolidated tax return under French group relief rules. The companies in the tax group are CNP Assurances, CNP IAM, Préviposte, Investissement Trésor Vie (ITV), CNP International, CNP Caution, Sogestop G, Carrés bleus SA (formerly Sogestop C), Prévimut, Cicoge SA (a property investment company), Filassistance Services, Filassistance International, Âge d'or Expansion, AEP 3, AEP 4, Assurimmeuble, Étages Franklin, Kupka, Pyramides 2, Assurhelene, Foncière Investissement, Écureuil Vie Crédit and Écureuil Vie Investissement.

Current and deferred taxes

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

The income tax rate for the six months to 30 June corresponds to the estimated tax rate for the current year (before adjustments made in accordance with IFRS), applied to profit before tax for the period, and before deferred taxation on IFRS adjustments.

Deferred taxes are recognised on temporary differences between the carrying amount of assets and liabilities and their tax base. However, for taxable temporary differences related to investments in subsidiaries, associates, joint ventures and branches, a deferred tax liability is recognised only when the Group is unable to control the period in which the temporary difference will reverse and it is improbable that it will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset at the level of each taxable entity or tax group. Deferred tax assets and liabilities arising from changes in asset values and from the recognition of deferred participation are calculated and tracked separately.

Deferred tax assets are recognised for tax loss carryforwards when it is probable that sufficient taxable profit will be available to permit their realisation. Net deferred tax assets resulting from the offsetting of deferred tax assets and liabilities are recognised when sufficient taxable profit can be expected to be generated to permit their realisation. Deferred tax assets and liabilities are not discounted.

3.19 Operating segments

In accordance with IFRS 8, the Group's reportable business segments are based on the internal reporting system approved by the Group's Executive Committee, regarded as the chief operating decision maker as defined by the Standard, and on the technical characteristics of the products distributed by the Group.

Three business segments have been identified which generate risks and returns that are separate from those of the other segments.

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

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

- premium income: new money, corresponding to premium income measured under French GAAP, i.e., before adjustments related to the deposit component of financial instruments without a discretionary participation feature;
- net new money: premium income as defined above, net of claims settled during the period, and excluding changes in the unexpired risks reserve;
- net profit from insurance activities: premium loading recognised on insurance products, net of commissions paid;
- general expenses: expenses allocated to each reportable segment based on analyses carried out by the Planning and Performance Division;
- EBIT: operating profit adjusted for net fair value adjustments to financial assets and before finance costs, taxes and minority interests. EBIT is a key indicator of profit by reportable segment based on analyses by senior Group management. EBIT corresponds to attributable profit for the period adjusted for:
  - finance costs,
  - share of profit of associates,
  - non-recurring items,
  - income tax expense,
  - minority interests,
  - fair value adjustments on the trading portfolio (corresponding to unrealised gains and disposal gains on financial instruments recognised as at fair value through profit or loss), and
  - net capital gains on equity securities and property, after non-recurring write-downs on the portfolio and goodwill (corresponding to disposal gains on equity instruments classified as available-for-sale financial assets and write-downs on financial instruments and property assets);
- equity: equity under IFRS, broken out by reportable segment and based on each segment's average regulatory solvency capital;
- segment assets and liabilities: assets and liabilities under IFRS, broken out by reportable segment.

Comparative disclosures have been analysed using the same basis.

3.20 Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements, except when it is not probable that they will give rise to an outflow of resources.

Contingent liabilities are regularly reviewed to determine whether an outflow of resources has become probable or can be measured with sufficient reliability. If this is the case, a provision is recognised in the financial statements for the period in which the change in probability or measurability occurs.

Note 4. Share capital

4.1 Undated deeply-subordinated notes reclassified in equity

30/06/2011

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*
Deeply-subordinated notes (attributable to owners of the parent)				**2,141.8**
CNP ASSURANCES	Jun. 2004	Tec 10+10 bps, capped at 9%	€	250.0
CNP ASSURANCES	Nov. 2004	Tec 10+10 bps, capped at 9%	€	50.0
CNP ASSURANCES	Mar. 2005	6.5% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP ASSURANCES	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	23.8
CNP ASSURANCES	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
CNP ASSURANCES	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	€	160.0
CNP ASSURANCES	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP ASSURANCES	Dec. 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	€	108.0
Total				**2,141.8**

31/12/2010

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*
Deeply-subordinated notes (attributable to owners of the parent)				**2,141.8**
CNP ASSURANCES	Jun. 2004	Tec 10 +10 bps, capped at 9%	€	250.0
CNP ASSURANCES	Nov. 2004	Tec 10 +10 bps, capped at 9%	€	50.0
CNP ASSURANCES	Mar. 2005	6.50% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP ASSURANCES	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	23.8
CNP ASSURANCES	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
CNP ASSURANCES	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	€	160.0
CNP ASSURANCES	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP ASSURANCES	Dec. 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	€	108.0
Total				**2,141.8**

In € millions	Issuance date	Interest rate	Currency	Amounts
		30/06/2010		
Deeply-subordinated notes (attributable to owners of the parent)				**2,143.0**
CNP ASSURANCES	Jun. 2004	Tec 10 +10 bps, capped at 9%	€	250.0
CNP ASSURANCES	Nov. 2004	Tec 10 +10 bps, capped at 9%	€	50.0
CNP ASSURANCES	Mar. 2005	6.50% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP ASSURANCES	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	25.0
CNP ASSURANCES	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
CNP ASSURANCES	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	€	160.0
CNP ASSURANCES	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP ASSURANCES	Dec. 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	**€**	108.0
Total				**2,143.0**

4.2 Ownership structure

Shareholder	Number of shares	% interest
Caisse des Dépôts	237,660,516	40.00%
Sopassure (La Poste and BPCE Group)	210,821,912	35.48%
French State	6,475,364	1.09%
Total shares held in concert	**454,957,792**	**76.57%**
Private investors	139,193,500	23.43%
Of which: CNP Assurances (treasury shares)	1,153,211	0.19%
Total	**594,151,292**	**100.00%**

4.3 Equity

Issued capital	Ordinary shares		
	30/06/2011	**31/12/2010**	**30/06/2010**
Number of shares outstanding at the beginning of the period	594,151,292	594,151,292	594,151,292
Shares issued during the period	-	-	
Number of shares outstanding at the end of the period	594,151,292	594,151,292	594,151,292

4.4 Basic and diluted earnings per share

In € millions	30/06/2011	31/12/2010	30/06/2010
Profit attributable to owners of the parent	543.2	1,050.0	542.4
Charge on deeply-subordinated debt, net of tax	(17.8)	(60.6)	(18.0)
Dividends on preferred shares	0.0	0.0	**0.0**
Profit attributable to ordinary shareholders	**525.4**	**989.4**	**524.4**

	30/06/2011	31/12/2010	30/06/2010
Number of ordinary shares at 1 January (*)	594,151,292.0	594,151,292.0	594,151,292.0
Treasury shares (*)	(1,426,466.2)	(1,490,530.2)	(2,088,856.0)
Weighted average number of shares at end of reporting period *(*)*	**592,724,825.8**	**592,660,761.8**	**592,062,436.0**

In € per share	30/06/2011	31/12/2010	30/06/2010
Profit attributable to ordinary shareholders	0.89	1.67	0.89
After-tax effect of interest on convertible bonds	0.0	0.0	0.0
Diluted profit attributable to ordinary shareholders	**0.89**	**1.67**	**0.89**

In € millions	30/06/2011	31/12/2010	30/06/2010
Profit attributable to ordinary shareholders	**525.4**	**989.4**	**524.4**

(*) The number of shares outstanding for the period and prior periods has been adjusted to reflect the 4-for-1 stock split on 5 July 2010.

Diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the reporting period.

As there are no dilutive instruments, both basic and diluted earnings per share are identical.

4.5 Related party information

There were no material changes in the nature or conditions of the Group's related party transactions during the six months to 30 June 2011 when compared with the disclosures in Note 4.6 "Related party information" to the audited consolidated financial statements for the year ended 31 December 2010 included in the 2010 Registration Document.

Dividends relating to 2010 and paid to the Group's shareholders in the first-half of 2011 amounted to €345.3 million, comprising amounts of €183 million and €162.3 million paid to Caisse des Dépôts and Sopassure, respectively.

Note 5. Scope of consolidation

Consolidated companies and percentage of voting rights at 30 June 2011

Company	Consoli -dation method	Country	Business	30/06/2011 % voting rights	30/06/2011 % interest	31/12/2010 % voting rights	31/12/2010 % interest
1. Strategic subsidiaries							
CNP ASSURANCES	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP IAM	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
PREVIPOSTE	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
ITV	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP INTERNATIONAL	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
LA BANQUE POSTALE PREVOYANCE	Proportionate	France	Insurance	50.00%	50.00%	50.00%	50.00%
CNP SEGUROS DE VIDA	Full	Argentina	Insurance	76.47%	76.47%	76.47%	76.47%
CNP Holding Brasil	Full	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
CAIXA SEGUROS	Full	Brazil	Insurance	51.75%	51.75%	51.75%	51.75%
CNP UNICREDIT VITA	Full	Italy	Insurance	57.50%	57.50%	57.50%	57.50%
CNP VIDA	Full	Spain	Insurance	94.00%	94.00%	94.00%	94.00%
BARCLAYS VIDA Y PENSIONES	Full	Spain	Insurance	50.00%	50.00%	50.00%	50.00%
MARFIN INSURANCE HOLDINGS LTD	Full	Cyprus	Insurance	50.10%	50.10%	50.10%	50.10%
CNP EUROPE LIFE LTD	Full	Ireland	Insurance	100.00%	100.00%	100.00%	100.00%
2. Mutual funds							
UNIVERS CNP 1 FCP	Full	France	Mutual fund	99.79%	99.79%	99.79%	99.79%
CNP ASSUR EURO SI	Full	France	Mutual fund	97.09%	97.09%	97.08%	97.08%
Ecureuil Profil 30	Full	France	Mutual fund	98.80%	98.80%	95.31%	95.31%
LBPAM PROFIL 50 D 5DEC	Full	France	Mutual fund	84.55%	84.55%	74.68%	74.68%
LBPAM ACT. DIVERSIF 5DEC	Full	France	Mutual fund	52.62%	52.62%	75.68%	75.68%
LB.ACT.D.A SI 5DEC	Full	France	Mutual fund	100.00%	100.00%	0.00%	0.00%
CNP ACP OBLIG FCP	Full	France	Mutual fund	49.61%	49.61%	49.65%	49.65%
BOULE DE NEIGE 3 3DEC	-	France	Mutual fund	0.00%	0.00%	61.22%	61.22%
CDC IONIS FCP 4DEC	Full	France	Mutual fund	100.00%	100.00%	100.00%	100.00%
CNP ACP 10 FCP	Full	France	Mutual fund	49.72%	49.72%	49.75%	49.75%
Ecureuil Profil 90	Full	France	Mutual fund	54.14%	54.14%	54.28%	54.28%
PROGRESSIO 5 DEC	Full	France	Mutual fund	92.65%	92.65%	92.49%	92.49%
AL DENTE 3 3 DEC	Full	France	Mutual fund	56.86%	56.86%	56.49%	56.49%
VIVACCIO ACT 5DEC	Full	France	Mutual fund	100.00%	100.00%	80.80%	80.80%
CNP ASSUR ALT. 3DEC	Full	France	Mutual fund	98.41%	98.41%	99.78%	99.78%
3.Property companies & other							
ASSURBAIL	Full	France	Lease financing	100.00%	100.00%	100.00%	100.00%
AEP3 SCI	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
CIMO	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
AEP4 SCI	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
PB6	Proportionate	France	Property	50.00%	50.00%	50.00%	50.00%
SICAC	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
CNP IMMOBILIER	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
ASSURIMMEUBLE	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
Ecureuil Vie Développement	Full	France	Brokerage	51.00%	51.00%	51.00%	51.00%

The Group's control over an entity is analysed based on the percentage of voting rights held and all of the contractual conditions of the shareholder agreement, particularly partnership agreements for the distribution of insurance products, and the existence and effect of any potential voting rights currently exercisable.

The Group is in the process of consolidating MFPrévoyance, a subsidiary acquired on 3 November 2010 in partnership with MFP Services to develop a personal risk insurance offering. The effective implementation of the contractual agreements relating to reinsurance and co-insurance schemes will lead to fully integrate the subsidiary during the second semester. This consolidation, together with the purchase accounting will be completed within the deadline imposed under IFRS 3 (as amended in 2008).

Note 6. Segment information

6.1 Balance sheet by business segment at 30 June 2011

ASSETS ***(in € millions)***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Goodwill and value of business in force	448.2	6.6	338.6	0.0	793.4
Financial investments and investments in associates	260,909.8	31,641.3	13,249.0	154.4	305,954.5
Other assets					18,472.4
Total assets					**325,220.3**

EQUITY AND LIABILITIES ***(in € millions)***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Total equity	9,524.0	969.3	2,518.5	14.7	13,026.5
Financial liabilities related to financial instruments (including deferred participation reserve)	153,811.6	7,118.7	497.8	0.0	161,428.1
Insurance liabilities	92,341.8	29,152.0	9,897.3	0.0	131,391.1
Other liabilities					19,374.6
Total equity and liabilities					**325,220.3**

6.2 Balance sheet by business segment at 31 December 2010

ASSETS ***(in € millions)***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Goodwill and value of business in force	442.2	9.5	358.6	0.0	810.3
Financial investments and investments in associates	260,046.7	30,221.8	13,365.1	199.1	303,832.7
Other assets					14,965.6
Total assets					**319,608.6**

EQUITY AND LIABILITIES ***(in € millions)***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Total equity	9,329.0	1,062.0	2,757.6	29.4	13,178.0
Financial liabilities related to financial instruments (including deferred participation reserve)	157,139.2	7,283.6	552.8	0.0	164,975.6
Insurance liabilities	86,611.2	27,508.9	9,058.2	0.0	123,178.3
Other liabilities					18,276.7
Total equity and liabilities					**319,608.6**

6.3 Balance sheet by business segment at 30 June 2010

ASSETS *(in € millions)*	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Goodwill and value of business in force	452.0	27.2	363.1	2.4	844.7
Financial investments and investments in associates	254,751.3	29,006.5	11,499.8	368.6	295,626.2
Other assets					15,682.5
Total assets					**312,153.4**

EQUITY AND LIABILITIES *(in € millions)*	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Total equity	8,638.2	1,189.6	2,724.8	34.3	12,586.9
Financial liabilities related to financial instruments (including deferred participation reserve)	158,789.6	7,423.8	538.7		166,752.1
Insurance liabilities	81,239.5	25,795.6	8,417.8		115,452.9
Other liabilities					17,361.5
Total equity and liabilities					**312,153.4**

6.4 Income statement by business segment for the six months ended 30 June 2011

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Reconciliation with premium income under IFRS: Adjustments relating to the deposit component of financial instruments (IAS 39)	Reconciliation with premium income under IFRS: Premium income under IFRS
Premium income	10,801.8	2,127.9	2,843.8		15,773.5	(497.3)	15,276.2
Net new money	1,837.4	1,081.0	1,643.3		4,561.6		
Net revenue from insurance activities	**829.7**	**169.4**	**487.9**	**61.7**	**1,548.6**		
General expenses	(210.4)	(49.8)	(171.6)	(21.0)	(452.9)		
EBIT	**619.3**	**119.5**	**316.3**	**40.7**	**1,095.8**		
Finance costs					(70.2)		
Share in earnings of associates					0.0		
Income tax expense (effective tax rate)					(339.9)		
Minority interests					(133.5)		
Fair value adjustments on securities held for trading					24.4		
Net gains on equities and property					13.6		
Non-recurring items					(47.1)		
Attributable to owners of the parent					**543.2**		

In € millions	
EBIT	**1,095.8**
Net fair value adjustments	37.3
Net gains on equities and property	27.4
Non-recurring items	(72.0)
Operating profit	**1,088.5**

6.5 Income statement by business segment for the year ended 31 December 2010

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Reconciliation with premium income under IFRS	
						Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
Premium income	24,404.5	3,381.6	5,568.6		33,354.7	(1,039.6)	32,315.1
Net new money	6,796.3	1,459.6	3,129.2		11,385.1		
Net revenue from insurance activities	**1,437.7**	**150.8**	**1,083.0**	**113.4**	**2,784.9**		
General expenses	(414.9)	(80.4)	(336.7)	(42.0)	(874.0)		
EBIT	**1,022.8**	**70.5**	**746.2**	**71.4**	**1,910.9**		

Finance costs	(95.0)
Share in earnings of associates	0.0
Non-recurring items *	(27.2)
Income tax expense (effective tax rate)	(619.3)
Minority interests	(235.2)
Fair value adjustments on securities held for trading	9.7
Net gains on equities and property	106.3
Attributable to owners of the parent	**1,050.0**

* Relating mainly to a strengthening of technical reserves offset by the deferred tax asset related to the French tax reform concerning the capitalisation reserve.

6.6 Income statement by business segment for the six months ended 30 June 2010

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Reconciliation with premium income under IFRS: Adjustments relating to the deposit component of financial instruments (IAS 39)	Reconciliation with premium income under IFRS: Premium income under IFRS
Premium income	13,914.0	1,748.4	2,746.1		18,408.5	(712.0)	17,696.5
Net new money	4,585.2	774.8	1,680.9		7,040.9		
Net revenue from insurance activities	**696.1**	**95.0**	**566.8**	**53.7**	**1,411.6**		
General expenses	(219.5)	(46.1)	(145.9)	(19.2)	(430.7)		
EBIT	**476.6**	**48.9**	**420.9**	**34.5**	**980.9**		

Finance costs	(39.3)
Share in earnings of associates	0.0
Non-recurring items	(1.9)
Income tax expense (effective tax rate)	(315.1)
Minority interests	(103.6)
Fair value adjustments on securities held for trading	(17.1)
Net gains on equities and property	38.4
Attributable to owners of the parent	**542.4**

Note 7. Intangible assets

7.1 Intangible assets by category

In € millions	30/06/2011				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill [1]	**839.5**	**(62.4)**	**(104.0)**	**0.0**	**673.1**
Value of business in force [2]	**469.9**	**(202.5)**	**(147.1)**	**0.0**	**120.3**
Distribution agreements	**141.2**	**(10.3)**	**(4.8)**	**0.0**	**126.1**
Software	**278.2**	**(202.7)**	**(0.1)**	**0.0**	**75.4**
** Internally-developed software*	*110.1*	*(70.7)*	*0.0*	*0.0*	*39.4*
** Other software*	*168.1*	*(132.0)*	*(0.1)*	*0.0*	*36.0*
Other [3]	**161.9**	**(15.0)**	**(12.0)**	**0.0**	**134.9**
TOTAL	**1,890.7**	**(492.9)**	**(268.0)**	**0.0**	**1,129.8**

In € millions	31/12/2010				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill [1]	**849.5**	**(63.1)**	**(104.0)**	**0.0**	**682.5**
Value of business in force [2]	**472.1**	**(197.2)**	**(147.1)**	**0.0**	**127.8**
Distribution agreements	**180.2**	**(9.6)**	**0.0**	**0.0**	**170.6**
Software	**229.0**	**(193.5)**	**(0.1)**	**0.0**	**35.4**
** Internally-developed software*	*93.7*	*(73.0)*	*0.0*	*0.0*	*20.7*
** Other software*	*135.3*	*(120.5)*	*(0.1)*	*0.0*	*14.8*
Other [3]	**161.9**	**0.0**	**0.0**	**0.0**	**161.9**
TOTAL	**1,892.7**	**(463.4)**	**(251.2)**	**0.0**	**1,178.2**

In € millions	30/06/2010				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill [1]	**854.4**	**(63.0)**	**(104.0)**	**0.0**	**687.4**
Value of business in force [2]	**471.9**	**(186.9)**	**(127.7)**	**0.0**	**157.3**
Distribution agreements	**172.7**	**(5.7)**	**0.0**	**0.0**	**167.0**
Software	**225.1**	**(189.2)**	**(0.1)**	**0.0**	**35.7**
** Internally-developed software*	*88.9*	*(71.9)*	*0.0*	*0.0*	*17.0*
** Other software*	*136.2*	*(117.3)*	*(0.1)*	*0.0*	*18.7*
TOTAL	**1,724.1**	**(444.8)**	**(231.8)**	**0.0**	**1,047.4**

(1) Prior to transition to IFRS on 1 January 2005, intangible assets were amortised under Local GAAP.

(2) The amount of impairment before tax is recorded in the income statement under "Amortisation of value of in-force business acquired".

(3) "Other" items mainly relate to intangible assets impacted by the reform of the French pension system since 31 December 2010. The first six months of the year include impairment expense of €12 million due to the decision to finance the increased provisions required under the reform by reallocating existing provisions, and amortisation expense of €15 million relating to the revised five-year amortisation period. The aforementioned reallocation resulted in the reversal of existing provisions which offset the impairment losses booked on intangible assets in the income statement : it was based on an analysis of existing margins performed on a sample of the contracts concerned. This analysis is under process for the rest of the portfolio.

7.2 Goodwill

7.2.1 Goodwill by company

In € millions	Original goodwill	Net goodwill at 30 June 2011	Net goodwill at 31 December 2010	Net goodwill at 30 June 2010
La Banque Postale Prévoyance	45.8	22.9	22.9	22.9
Caixa group	360.6	266.2	270.9	270.2
CNP UniCredit Vita	366.5	246.5	247.0	247.6
Marfin Insurance Holdings Ltd	81.6	81.6	81.6	85.9
Barclays Vida y Pensiones	55.9	55.9	60.0	60.8
TOTAL	**910.4**	**673.1**	**682.5**	**687.4**

The Group ascertained that no two indicators of impairment were detected simultaneously for any of its material CGUs at 30 June 2011 and consequently it did not carry out any goodwill impairment testing.

The decrease in the value of goodwill attributable to Barclays Vida y Pensiones is due to adjustments to the acquisition price booked over the period.

Goodwill impairment testing was performed at 31 December 2010 in accordance with the procedures described in Note 7.2.1 "Goodwill by company" to the audited consolidated financial statements for the year ended 31 December 2010 included in the 2010 Registration Document.

7.2.2 Changes in goodwill for the period

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Carrying amount at the beginning of the period	**682.5**	**775.6**	**775.6**
Goodwill recognised during the period	0.0	0.0	0.0
Adjustments to provisional accounting	0.0	(104.4)	(103.7)
Adjustments resulting from changes in earnouts	(4.1)	(4.3)	0.0
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0	0.0
Translation adjustment on gross value	(5.4)	35.7	34.9
Other movements	(0.6)	(15.5)	(14.9)
Impairment losses	0.0	0.0	0.0
Translation adjustment on movements during the period	0.7	(4.6)	(4.5)
Increase in interest rates	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Carrying amount at the end of the period	**673.1**	**682.5**	**687.4**

7.3 Value of In-Force business and distribution agreements

7.3.1 Value of business in force

In € millions	*Original value*	*Carrying amount at 30 June 2011*	*Carrying amount at 31 December 2010*	*Carrying amount at 30 June 2010*
Caixa group	122.6	7.1	8.4	9.9
CNP UniCredit Vita	175.3	0.0	0.0	0.0
CNP Vida	24.0	0.0	0.0	20.0
CNP Seguros de Vida	0.9	0.1	0.1	0.2
Marfin Insurance Holdings Ltd	44.4	34.1	35.3	37.2
Barclays Vida y Pensiones (*)	101.4	79.0	84.0	90.0
TOTAL	**468.6**	**120.3**	**127.8**	**157.3**

(*) At 31 December 2010, In-Force business was recognised for an amount of €101.4 million before taxes following completion of the acquisition audit work, based on a 100% share.

7.3.2 Changes in the value of business in force

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Gross at the beginning of the period	**472.1**	**356.2**	**356.2**
Newly-consolidated companies	0.0	0.0	0.0
Translation adjustments	(2.2)	14.5	14.3
Acquisitions for the period	0.0	101.4	101.4
Disposals for the period	0.0	0.0	0.0
Gross at the end of the period	469.9	472.1	471.9
Accumulated amortisation and impairment at the beginning of the period	*(344.3)*	*(289.7)*	*(289.7)*
Translation adjustments	2.1	(13.3)	(13.1)
Amortisation for the period	(7.4)	(21.9)	(11.8)
Impairment losses recognised during the period (*)	0.0	(19.4)	0.0
Impairment losses reversed during the period	0.0	0.0	0.0
Disposals for the period	0.0	0.0	0.0
Accumulated amortisation and impairment at the end of the period	*(349.6)*	*(344.3)*	*(314.6)*
Carrying amount at the end of the period	**120.3**	**127.8**	**157.3**

(*) At 31 December 2010, impairment related to the value of CNP Vida's In-Force business.

7.3.3 Distribution agreements

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Carrying amount at the beginning of the period	**170.6**	**0.0**	**0.0**
Acquisitions for the period	0.0	180.2	172.7
Amortisation for the period	(0.7)	(9.6)	(5.7)
Adjustments	(39.0)	0.0	0.0
Impairment losses	(4.8)	0.0	0.0
Translation adjustments	0.0	0.0	0.0
Other movements	0.0	0.0	0.0
Carrying amount at the end of the period	**126.1**	**170.6**	**167.0**

At 30 June 2011, the value of the distribution agreements with Barclays Vida y Pensiones was written down by an amount of €39 million against a matching adjustment to the provision for estimated future earn-out payments due for growth in the Barclays branch network. There was no impact on profit. The distribution agreement is amortised over the contractual term of the agreement (i.e., 25 years through 2034).

At 31 December 2010, the Group recognised €180.2 million before taxes in respect of distribution agreements with Barclays Vida y Pensiones, based on a 100% share.

7.4 Software

7.4.1 Internally-developed software

In € millions	30/06/2011	31/12/2010	30/06/2010
Carrying amount at the beginning of the period	**20.7**	**13.5**	**13.5**
Acquisitions for the period	16.2	10.2	5.5
Amortisation for the period	0.0	(3.0)	(2.0)
Impairment losses	0.0	0.0	0.0
Translation adjustments	0.0	0.0	0.0
Other movements	2.5	0.0	0.0
Carrying amount at the end of the period	**39.4**	**20.7**	**17.0**

7.4.2 Other software and other intangible assets

In € millions	30/06/2011	31/12/2010	30/06/2010
Carrying amount at the beginning of the period	**176.7**	**18.2**	**18.2**
Acquisitions for the period	13.6	170.8	6.0
Amortisation for the period	(23.2)	(8.6)	(5.5)
Impairment losses	(12.2)	(3.7)	0.0
Translation adjustments	0.1	0.0	0.0
Other movements	15.9	0.0	0.0
Carrying amount at the end of the period	**170.9**	**176.7**	**18.7**

Note 8. Investment and owner-occupied property

The purpose of this note is to show depreciation and impairment losses recognised/reversed during the period through profit or loss in respect of property and the captions impacted by the movements.

It presents:

- the gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
- a reconciliation of the carrying amount of investment property at the beginning and end of the period, showing (i) additions; (ii) disposals; (iii) depreciation; (iv) impairment losses recognised and reversed during the period; (v) the net exchange differences arising on the translation of the financial statements into a different presentation currency, and on translation of a foreign operation into the presentation currency of the reporting entity; (vi) transfers to and from inventories and owner-occupied property and (vii) other changes;
- the fair value of investment properties held in unit-linked portfolios.

8.1 Investment property

Carrying amount of investment property (In € millions)	30/06/2011	31/12/2010	30/06/2010
Investment property measured by the cost model			
Gross value	1,160.3	1,159.9	1,174.3
Accumulated depreciation	(354.5)	(344.7)	(345.5)
Accumulated impairment losses	(23.4)	(22.5)	(26.7)
Carrying amount	**782.4**	**792.7**	**802.1**
Investment property measured by the fair value model			
Gross value	484.9	485.3	469.5
Total investment property	**1,267.3**	**1,278.0**	**1,271.6**

Investment property (other than property held in unit-linked portfolios) (In € millions)	30/06/2011	31/12/2010	30/06/2010
Carrying amount at the beginning of the period	**792.7**	**817.9**	**817.9**
Acquisitions	1.3	3.0	0.4
Post-acquisition costs included in the carrying amount of property	0.0	10.8	0.7
Properties acquired through business combinations	0.0	0.0	0.0
Disposals	(0.9)	(36.7)	(9.7)
Depreciation for the period	(9.8)	(22.4)	(11.2)
Impairment losses recognised during the period	(3.8)	(2.1)	(2.1)
Impairment losses reversed during the period	3.0	19.1	4.7
Translation adjustments	0.0	0.0	0.0
Other movements	0.0	3.1	1.4
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Carrying amount at the end of the period	**782.4**	**792.7**	**802.1**

Investment property held in unit-linked portfolios (In € millions)	30/06/2011	31/12/2010	30/06/2010
Carrying amount at the beginning of the period	**485.3**	**466.1**	**466.1**
Acquisitions	0.2	3.0	0.4
Post-acquisition costs included in the carrying amount of property	0.0	0.2	0.0
Properties acquired through business combinations	0.0	0.0	0.0
Disposals	0.0	(2.5)	0.0
Net gains (losses) arising from remeasurement at fair value	0.5	27.6	4.0
Translation adjustments	0.0	0.0	0.0
Transfers to inventory or owner-occupied property	0.0	0.0	0.0
Transfers from inventory or owner-occupied property	0.0	0.0	0.0
Other movements	(1.0)	(9.1)	(1.0)
Carrying amount at the end of the period	**484.9**	**485.3**	**469.5**

As explained in the description of significant accounting policies, investment properties backing linked liabilities are measured at fair value, while other investment properties are measured using the cost model.

8.2 Owner-occupied property

Owner-occupied property (In € millions)	30/06/2011	31/12/2010	30/06/2010
Carrying amount at the beginning of the period	**167.6**	**113.0**	**113.0**
Acquisitions	11.3	50.3	0.5
Post-acquisition costs included in the carrying amount of property	1.1	1.3	0.0
Properties acquired through business combinations	0.0	0.0	0.0
Disposals	0.0	(0.7)	0.0
Depreciation for the period	(1.0)	(4.7)	(2.4)
Impairment losses recognised during the period	0.0	(0.2)	(0.1)
Impairment losses reversed during the period	0.0	7.2	5.9
Translation adjustments	(0.3)	1.4	0.5
Transfers	0.0	0.0	(0.4)
Non-current assets held for sale and discontinued operations	0.0	0.0	0.0
Carrying amount at the end of the period	**178.7**	**167.6**	**117.0**

Note 9. Investments

9.1 Investments by category

The following tables show the fair value of securities held by the Group, by category and intended holding period.

9.1.1 Analysis of investments

In € millions		30/06/2011		31/12/2010	
		Impairment	Carrying amount	Impairment	Carrying amount
Assets at fair value through profit or loss	Fixed-rate bonds		10,746.0		10,501.2
	Variable-rate bonds		17,007.2		17,033.8
	TCNs (money market securities)		238.0		180.4
	Equities		5,905.9		6,576.3
	Mutual fund units		27,509.3		28,271.7
	Shares in non-trading property companies		1,494.2		1,465.8
	Other (including lent securities and repos)		1.0		0.9
	Total		**62,901.6**		**64,033.1**
Derivative instruments	Derivative instruments (positive fair value)		3,639.9		3,012.8
	Derivative instruments (negative fair value)		(2,910.5)		(2,356.2)
	Total		**729.4**		**656.5**
Available-for-sale financial assets	Fixed-rate bonds	(365.5)	159,671.5	(196.1)	157,499.2
	Variable-rate bonds	(41.3)	26,953.6	0.0	28,055.3
	TCNs (money market securities)	0.0	7,601.8	0.1	7,907.7
	Equities	(4,763.0)	16,533.3	(4,638.4)	17,399.9
	Mutual fund units	(410.0)	11,294.2	(441.8)	10,063.1
	Shares in non-trading property companies	(130.4)	3,644.0	(125.8)	3,140.5
	Non-voting loan stock	(1.1)	68.4	(1.1)	66.9
	Other (including lent securities and repos)	(463.2)	7,067.6	(482.5)	6,139.5
	Total	**(6,174.6)**	**232,834.5**	**(5,885.6)**	**230,272.2**
Held-to-maturity investments	Fixed-rate bonds	(42.4)	1,147.5	(47.0)	1,212.8
	Total	**(42.4)**	**1,147.5**	**(47.0)**	**1,212.8**
Loans and receivables	Loans and receivables	0.0	4,100.8	0.0	3,958.6
	Total	**0.0**	**4,100.8**	**0.0**	**3,958.6**
Investment property	Investment property at amortised cost	(23.4)	782.4	(22.5)	792.7
	Investment property at fair value		484.9		485.3
	Total	**(23.4)**	**1,267.3**	**(22.5)**	**1,278.0**
TOTAL		**(6,240.4)**	**302,981.0**	**(5,955.1)**	**301,411.3**

A new accounting application was used to fine-tune the classification of investments by asset category at 31 December 2010 and for subsequent periods.

The Group reviewed the criteria it uses to calculate impairment for equity instruments available for sale at 31 December 2010 in the light of market conditions and this change had a positive impact of €62 million on profit, net of deferred participation and deferred taxes during the second-half of the year 2010. This calculation was based on an assumption that a prolonged decline in fair value must last for 36 months, instead of 24 months as previously.

Unit-linked portfolios at fair value through profit or loss at 30 June 2011

	Carrying amount		
	Unit-linked	Non-unit-linked	*Total*
Fixed-rate bonds	5,393.5	5,352.4	*10,746.0*
Variable-rate bonds	8,335.9	8,671.3	*17,007.2*
TCNs (money market securities)	0.0	238.0	*238.0*
Equities	381.2	5,524.7	*5,905.9*
Mutual fund units	15,897.9	11,611.4	*27,509.3*
Shares in non-trading property companies	0.0	1,494.2	*1,494.2*
Other	0.0	1.0	*1.0*
Total	**30,008.6**	**32,893.0**	***62,901.6***

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

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Investments analysed in the notes	302,981.0	301,411.3	293,252.6
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(2,910.6)	(2,356.2)	(2,306.2)
Balance sheet – Assets – Insurance investments	305,891.6	303,767.5	295,558.7
Variance	**0.0**	**0.0**	**0.0**

9.2 *Measurement of assets recognised at fair value*

The following tables show financial assets classified at fair value whose prices are estimated using a valuation technique.

9.2.1 Valuation methods at 30 June 2011

In € millions	30/06/2011			
	Last available quotation of assets quoted in an active market	**Estimated market value using valuation model based on observable market inputs**	**Estimated market value using valuation model not based solely on observable market inputs**	**Total**
Financial assets at fair value through profit or loss [1]	49,895.1	16,607.2	39.2	**66,541.5**
Change in fair value through profit or loss [2]	*(9.3)*	*40.3*	*(17.4)*	***13.6***
Available-for-sale financial assets	209,760.3	21,273.8	1,800.4	**232,834.5**
Change in fair value through equity [3]	*(178.4)*	*16.7*	*10.3*	***(151.4)***
Held-to-maturity investments [4]	908.6	262.3	0.0	**1,170.9**
Total financial assets	**260,564.0**	**38,143.3**	**1,839.6**	**300,546.9**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	961.7	36.6	0.0	**998.3**
Financial liabilities (unit-linked) – financial instruments without DPF	4,047.4	36.4	0.0	**4,083.8**
Derivative instruments	0.0	2,910.6	0.0	**2,910.6**
Total financial liabilities	**5,009.1**	**2,983.6**	**0.0**	**7,992.7**

(1) Includes derivative financial instruments (assets).

(2) Net of deferred participation and deferred taxes but including impairment of available-for-sale financial assets.

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

In view of the illiquidity of the market for Greek government bonds, particularly since mid-April 2011, the Group has developed an internal valuation model and reclassified these securities (classified as available-for-sale) from fair value category 1 to category 3. This valuation model draws on the data that financial market players generally use when setting prices and complies with commonly-used economic methodologies for pricing financial instruments.

9.2.2 Valuation methods at 31 December 2010

In € millions	31/12/2010			
	Last available quotation of assets quoted in an active market	**Estimated market value using valuation model based on observable market inputs**	**Estimated market value using valuation model not based solely on observable market inputs**	**Total**
Financial assets at fair value through profit or loss [1]	49,776.4	17,241.8	27.7	**67,045.9**
Change in fair value through profit or loss [2]	*62.9*	*(7.4)*	*(31.6)*	***23.9***
Available-for-sale financial assets	209,346.0	20,486.9	439.3	**230,272.2**
Change in fair value through equity [3]	*(276.1)*	*70.5*	*42.5*	***(163.1)***
Held-to-maturity investments [4]	999.9	231.2	6.2	**1,237.3**
Total financial assets	**260,122.3**	**37,959.9**	**473.2**	**298,555.4**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	946.5	38.1	0.0	**984.6**
Financial liabilities (unit-linked) – financial instruments without DPF	4,079.3	184.4	0.0	**4,263.7**
Derivative instruments	0.0	2,356.2	0.0	**2,356.2**
Total financial liabilities	**5,025.8**	**2,578.7**	**0.0**	**7,604.5**

(1) Includes derivative financial instruments (assets).

(2) Net of deferred participation and deferred taxes but including impairment of available-for-sale financial assets.

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

9.2.3 Valuation methods at 30 June 2010

In € millions	30/06/2010			
	Last available quotation of assets quoted in an active market	**Estimated market value using valuation model based on observable market inputs**	**Estimated market value using valuation model not based solely on observable market inputs**	**Total**
Financial assets at fair value through profit or loss [1]	45,628.4	19,102.8	185.1	**64,916.3**
Change in fair value through profit or loss [2]	*(73.7)*	*37.3*	*(31.6)*	***(68.0)***
Available-for-sale financial assets	204,559.7	19,127.5	789.7	**224,476.9**
Change in fair value through equity [3]	*(246.6)*	*44.4*	*32.4*	***(169.8)***
Held-to-maturity investments [4]	1,005.1	198.0	6.2	**1,209.3**
Total financial assets	**251,193.2**	**38,428.3**	**981.0**	**290,602.5**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	903.0	40.5	0.0	**943.5**
Financial liabilities (unit-linked) – financial instruments without DPF	4,084.3	527.9		**4,612.2**
Derivative instruments	0.0	2,306.2	0.0	**2,306.2**
Total financial liabilities	**4,987.3**	**2,874.6**	**0.0**	**7,861.9**

(1) Includes derivative financial instruments (assets).

(2) Net of deferred participation and deferred taxes but including impairment of available-for-sale financial assets.

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

9.2.4 Reconciliation of movements for the period in financial instruments measured using a valuation model not based solely on observable market inputs at 30 June 2011

In € millions	Opening carrying amount	Acqui-sitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV through profit or loss	Impact of sales of available-for-sale financial assets	Available-for-sale financial asset revaluation reserve	Remeasure-ment at fair value through profit or loss	Impair-ment	Closing carrying amount
Financial assets at fair value through profit or loss	27.7	0.0	0.0	18.7	0.0	0.0	0.0	0.0	(7.2)	0.0	39.2
Available-for-sale financial assets	439.3	0.0	(150.5)	1,789.6	(21.0)	0.0		96.0	0.0	(353.0)	1,800.4
Held-to-maturity investments	6.2	0.0	0.0	0.0	(6.2)		0.0	0.0	0.0	0.0	0.0
Total financial assets	**473.2**	**0.0**	**(150.5)**	**1,808.3**	**(27.2)**	**0.0**	**0.0**	**96.0**	**(7.2)**	**(353.0)**	**1,839.6**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.2.5 Reconciliation of movements for the period in financial instruments measured using a valuation model not based solely on observable market inputs at 31 December 2010

						31/12/2010					
In € millions	Opening carrying amount	Acqui-sitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV through profit or loss	Impact of sales of available-for-sale financial assets	Available-for-sale financial asset revaluation reserve	Remeasure-ment at fair value through profit or loss	Impair-ment	Closing carrying amount
Financial assets at fair value through profit or loss	27.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7
Available-for-sale financial assets	531.9	0.0	0.0	0.0	(110.6)	0.0	(3.0)	79.5	0.0	(58.5)	439.3
Held-to-maturity investments	5.5	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	6.2
Total financial assets	**565.1**	**0.0**	**0.0**	**0.0**	**(110.6)**	**0.7**	**(3.0)**	**79.5**	**0.0**	**(58.5)**	**473.2**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.2.6 Reconciliation of movements for the period in financial instruments measured using a valuation model not based solely on observable market inputs at 30 June 2010

	30/06/2010										
In € millions	**Opening carrying amount**	**Acqui-sitions**	**Maturity**	**Transfers to category 3 (additions)**	**Transfers from category 3 (disposals)**	**Impact of sales of securities at FV with change in FV through profit or loss**	**Impact of sales of available-for-sale financial assets**	**Available-for-sale financial asset revaluation reserve**	**Remeasurement at fair value through profit or loss**	**Impair-ment**	**Closing carrying amount**
Financial assets at fair value through profit or loss	27.7	157.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	185.1
Available-for-sale financial assets	531.9	146.2	0.0	128.2	(20.5)	0.0	(3.0)	62.4	(58.5)	0.0	789.7
Held-to-maturity investments	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	6.2
Total financial assets	**565.1**	**303.6**	**0.0**	**128.2**	**(20.5)**	**0.0**	**(3.0)**	**62.4**	**(57.8)**	**0.0**	**981.0**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.3 Derivative instruments

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

In € millions	30/06/2011											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*
Swap	44.2	(229.0)	341.8	(441.0)	300.2	(283.9)	834.9	(837.3)	969.8	(832.0)	2,491.0	(2,623.2)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	14.1	(0.8)	221.4	(44.3)	692.7	(162.3)	173.2	(56.1)	0.0	0.0	1,101.5	(263.5)
Equity	29.5	(23.5)	15.5	(0.4)	2.5	0.0	0.0	0.0	0.0	0.0	47.4	(23.8)
Total	**87.8**	**(253.3)**	**578.7**	**(485.6)**	**995.5**	**(446.2)**	**1,008.1**	**(893.4)**	**969.8**	**(832.0)**	**3,639.9**	**(2,910.5)**

In € millions	31/12/2010											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*
Swap	46.2	(50.9)	384.9	(428.8)	315.5	(311.5)	356.5	(362.0)	902.0	(951.4)	2,005.1	(2,104.6)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	0.1	0.0	66.3	(4.9)	847.6	(234.4)	63.9	(9.6)	0.0	0.0	977.9	(248.8)
Equity	9.0	(2.3)	15.5	(0.3)	5.3	0.0	0.0	0.0	0.0	0.0	29.8	(2.7)
Total	**55.3**	**(53.2)**	**466.7**	**(434.0)**	**1,168.3**	**(545.9)**	**420.4**	**(371.6)**	**902.0**	**(951.4)**	**3,012.8**	**(2,356.2)**

In € millions	30/06/2010											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*	*FV+*	*FV-*
Swap	56.2	(214.3)	362.9	(518.7)	210.6	(214.1)	164.8	(154.1)	1,182.2	(1,002.8)	1,976.7	(2,104.0)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	0.0	0.0	149.5	(4.9)	408.6	(152.2)	57.6	(5.5)	0.0	0.0	615.7	(162.6)
Equity	79.2	(37.4)	17.7	(1.5)	6.2	0.0	0.0	(0.6)	0.0	0.0	103.1	(39.5)
Total	**135.4**	**(251.7)**	**530.1**	**(525.1)**	**625.3**	**(366.3)**	**222.5**	**(160.2)**	**1,182.2**	**(1,002.8)**	**2,695.5**	**(2,306.2)**

9.4 Derivative instruments used for hedging purposes

In € millions	30/06/2011		
	Notional amount in €	Positive fair value	Negative fair value
Currency swap	339.6	6.8	0.0
Cash flow hedging	**339.6**	**6.8**	**0.0**

This derivative instrument is a cross-currency swap used to hedge against fluctuations in the euro-sterling exchange rate through 30 September 2021 that could impact interest and principal repayments on sterling-denominated notes issued by the Group. It qualifies for hedge accounting as a cash flow hedge (see Note 3.10.3.)

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

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

Analysis of sovereign debt risk exposure

List of countries (for information)	30/06/2011			Proforma 31/12/2010			Reported 31/12/2010		
	Gross exposure Carrying amount*(1)*	Gross exposure Fair value	Net exposure	Gross exposure Carrying amount*(1)*	Gross exposure Fair value	Net exposure	Gross exposure Carrying amount*(1)*	Gross exposure Fair value	Net exposure
France	43,871.1	47,139.8	2,290.6		44,335.2	2,188.0	36,767.0		2,397.9
Italy	15,000.8	14,859.2	571.4		14,937.8	662.0	15,196.7		1,115.1
Belgium	9,656.5	9,864.1	326.1		9,904.2	309.1	9,724.5		584.4
Spain	10,206.3	9,892.8	525.0		9,649.1	804.8	9,658.9		763.9
Austria	7,925.3	8,538.6	284.2		8,409.2	251.6	8,317.7		452.2
Brazil	987.7	1,009.3	605.1		872.4	522.9	7,849.3		3,932.5
Portugal	3,532.5	2,358.9	119.4		3,508.4	418.7	3,942.5		297.6
Netherlands	3,090.9	3,369.7	83.4		3,289.0	73.9	3,780.4		211.1
Ireland	3,254.9	2,187.1	76.1		2,731.7	84.5	3,498.9		198.5
Germany	6,299.1	6,675.9	361.3		6,480.2	306.1	3,058.9		176.7
Greece	1,865.3	1,512.3	62.2		1,255.8	50.1	1,974.5		126.8
Finland	1,706.6	1,807.6	50.2		1,809.0	46.5	1,697.1		107.1
Poland	261.9	269.7	15.7		274.2	17.1	268.8		27.1
Luxembourg	255.6	261.1	24.6		258.5	23.8	258.5		47.3
Sweden	221.2	227.6	4.8		227.1	4.1	221.1		10.8
Denmark	220.3	231.5	5.0		229.7	4.1	219.2		10.5
Slovenia	262.6	259.7	5.9		153.8	4.1	154.8		8.1
United Kingdom	111.7	114.6	0.0		0.0	0.0	134.4		18.4
Canada	785.6	833.4	63.0		868.6	67.3	105.1		9.8
Cyprus	23.9	21.8	21.8		24.1	24.1	32.6		29.0
Other (*)	5,399.7	5,694.7	438.3		4,814.2	328.4	158.7		9.9
Total	**114,939.3**	**117,129.4**	**5,934.1**		**114,032.3**	**6,191.3**	**107,019.5**	**0.0**	**10,534.8**
(*) incl. Supra	5,239.1	5,519.8			4,437.3				

***(1)** Carrying amount*

Principal changes in basis of calculation used for pro forma vis-à-vis reported data at 31 December 2010

- *Gross exposure has been determined based on bond fair values, which is generally their market value (in the published accounts at 31 December 2010, exposure was determined based on carrying amounts)*
- *Gross exposure on Brazilian sovereign debt has been limited to direct exposure (the published accounts at 31 December 2010 included exposure on all mutual funds units)*
- *Net exposure has been determined based on fair values (in the published accounts at 31 December 2010, net exposure was determined based on carrying amounts)*
- *The method used to determine net exposure in line with shadow accounting principles has been refined using allocation keys for each portfolio (the published accounts at 31 December 2010 used an average key per entity).*

The Group's gross and net exposure to sovereign debt at 30 June 2011 amounts to €117.1 billion and €5.9 billion, respectively. Virtually all of the securities concerned are classified as available-for-sale financial assets. The Group's exposure is calculated based on asset values and before minority interests.

The calculation of net exposure results from a standardised calculation that reflects both the current market environment and policies concerning deferred participation: calculating net exposure from gross exposure **takes account of the impacts of deferred taxes and deferred participation** based on shadow accounting principles. In accordance with these principles, a change in the deferred participation reserve is recorded to offset unrealised gains or losses on financial assets taking into account contractual participation obligations and the Group's policyholder dividend policy (see notes 3.18 and 3.13.2 respectively regarding the Group's accounting policies for more information). The relatively low weighting of contracts with a guaranteed rate of return and the Group's ability to allocate losses on financial assets to policyholders over the long term, reinforces the validity of this approach to presenting the impact of net exposure.

The apparent 5.1% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 67% corresponding to the impact of the average weighted tax rate on the Group's entities) and a deferred participation impact greater than that which would be assumed on the basis of the regulatory participation minimum (a 7.6% factor, supplementing the effective participation rate and which corresponds to shareholders' entitlements to unrealised gains or losses). The combination of these two impacts (taxes and deferred participation) results in a ratio of 5.1% (67% multiplied by 7.6%) of net exposure to gross exposure.

The difference between gross and net exposure does not necessarily represent the loss that would be borne by policyholders. The recoverability of successive losses on sovereign debt is limited by the following:

- the policyholder surplus reserve which totalled €2.7 billion at 30 June 2011 for France
- the Group's ability to lower the discretionary participation it pays to policyholders (which is not applicable for the traditional savings products marketed by the subsidiaries CUV or BVP). In France, the estimated minimum guaranteed interest rate is approximately 0.9% for a projected DPF rate of between 3.10% and 3.20% at end-2011 under current market conditions.
- unrealised gains, especially on property, the sovereign debt of the "core" countries and on equities.

In the absence of an incurred loss, no sovereign debt securities have been impaired, with the exception of the specific case of Greek sovereign debt dealt with below. Irish and Portuguese sovereign debt held by the Group has an average residual maturity of 4 years.

Gross exposure on Greek sovereign debt calculated based on the carrying amount before impairment totals €1.9 billion, or €74.8 million net of deferred participation and deferred taxation. Gross exposure based on fair value at 30 June 2011 amounts to €1.5 billion (or net exposure of €62.2 million).

As explained in Note 9.2.1, due to the illiquidity of the market for Greek bonds, which was especially marked in the second quarter of 2011, the Group has developed an internal model for calculating the fair value of these securities.

Moreover, based on the declaration issued by the eurozone governments and European Union institutions on 21 July last, which confirmed the Group's assessment that a Greek rescue plan would have to involve the participation of the private sector, impairment losses totalling €353 million (€12.6 million, net of deferred taxation and shadow accounting adjustments) were recognised on these securities at 30 June 2011.

This impairment was calculated based on 79% of the value of the securities and reflects the Group's assessment of the extent of private sector participation in the Greek rescue plan. This assessment is based on a market consensus of the economic value of Greek debt securities on 22 July 2011 rather than on any inherent accounting-based assessment of each of the provisions of the rescue plan and their implementation. As of the date of this report, the exact terms and conditions of the plan and the Group's participation still have to be determined. This information will allow the Group to measure the value of any new securities that may be received in exchange for, or in renewal of existing debt securities, or the conditions for redeeming existing debt, and the ultimate accounting impact of the Greek rescue plan. It is this private sector participation that explains the exceptional and unique description of the plan by the eurozone heads of government.

The nominal amount of Greek sovereign debt held by the Group can be broken down as follows by maturity profile: €452.4 million for 2011-2014; €1,283.8 million for 2015-2020; and €129.1 million beyond 2020.

9.6 Commitments given and received

Commitments given and received correspond mainly to securities pledged to/by the Group by/to reinsurers, covering the theoretical commitments accepted by reinsurers and the Group under existing agreements.

There were no material changes in commitments given or received during the six months to 30 June 2011 when compared with the disclosures in the 2010 Registration Document, with the exception of CNP Assurances' commitment to subscribe to €358 million of equity and €270 million in bonds within the scope of its investment in GRT Gaz.

Note 10. Analysis of insurance and financial liabilities

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

10.1 Analysis of insurance and financial liabilities at 30 June 2011

In € millions	30/06/2011		
	Before reinsurance	**Net of Reinsurance**	**Reinsurance**
Non-life technical reserves	**6,426.2**	**5,660.6**	**765.6**
- Unearned premium reserves	423.7	409.1	14.6
- Outstanding claims reserves	871.5	710.1	161.4
- Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	60.5	57.5	3.0
- Other technical reserves	5,070.5	4,483.9	586.5
- Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**124,964.9**	**118,082.6**	**6,901.6**
- Unearned premium reserves	117,771.4	111,058.0	6,713.4
- Outstanding claims reserves	2,283.3	2,220.4	62.9
- Policyholder surplus reserve	4,694.6	4,588.7	125.2
- Other technical reserves	215.6	215.6	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**153,474.9**	**153,471.0**	**3.9**
- Unearned premium reserves	150,002.2	149,998.3	3.9
- Outstanding claims reserves	3,176.4	3,176.4	0.0
- Policyholder surplus reserve	294.8	294.8	0.0
- Other technical reserves	1.5	1.5	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**5,082.0**	**4,910.9**	**171.1**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**2,871.1**	**2,871.1**	**0.0**
Total insurance and financial liabilities	**292,819.2**	**284,996.3**	**7,842.2**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.2 Analysis of insurance and financial liabilities at 31 December 2010

In € millions	31/12/2010		
	Before reinsurance	Net of Reinsurance	Reinsurance
Non-life technical reserves	**6,130.8**	**5,349.9**	**781.0**
- Unearned premium reserves	248.9	234.7	14.2
- Outstanding claims reserves	894.1	757.4	136.8
- Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	59.6	55.4	4.3
- Other technical reserves	4,928.2	4,302.4	625.7
- Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**117,047.5**	**110,591.4**	**6,456.1**
- Unearned premium reserves	112,811.6	106,414.9	6,396.7
- Outstanding claims reserves	1,491.3	1,434.9	56.4
- Policyholder surplus reserve	2,527.0	2,524.0	3.0
- Other technical reserves	217.6	217.6	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**154,561.6**	**154,554.0**	**7.6**
- Unearned premium reserves	151,793.6	151,786.0	7.6
- Outstanding claims reserves	1,956.1	1,956.1	0.0
- Policyholder surplus reserve	810.4	810.4	0.0
- Other technical reserves	1.5	1.5	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**5,248.3**	**5,046.7**	**201.6**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**5,165.8**	**5,165.8**	**0.0**
Total insurance and financial liabilities	**288,154**	**280,707.8**	**7,446.2**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.3 Analysis of insurance and financial liabilities at 30 June 2010

In € millions	30/06/2010		
	Before reinsurance	**Net of Reinsurance**	**Reinsurance**
Non-life technical reserves	**5,792.2**	**5,082.8**	**709.4**
- Unearned premium reserves	340.2	326.0	14.2
- Outstanding claims reserves	815.8	677.2	138.6
- Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	87.4	80.1	7.3
- Other technical reserves	4,548.8	3,999.5	549.3
- Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**109,660.7**	**103,531.1**	**6,129.7**
- Unearned premium reserves	105,588.1	99,672.1	5,916.0
- Outstanding claims reserves	1,317.7	1,256.8	60.9
- Policyholder surplus reserve	2,632.5	2,479.6	152.8
- Other technical reserves	122.5	122.5	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**153,753.3**	**153,748.1**	**5.2**
- Unearned premium reserves	150,141.7	150,136.5	5.2
- Outstanding claims reserves	2,089.1	2,089.1	0.0
- Policyholder surplus reserve	1,522.5	1,522.5	0.0
- Other technical reserves	0.0	0.0	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**5,555.7**	**5,322.9**	**232.8**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**7,443.1**	**7,443.1**	**0.0**
Other (net deferred acquisition costs)	**0.0**	**0.0**	**0.0**
Total insurance and financial liabilities	**282,205.1**	**275,127.9**	**7,077.1**
Deferred participation asset	**0.0**	**0.0**	**0.0**

Note 11. Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 30 June 2011, 31 December 2010 and 30 June 2010:

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Earned premiums not yet written	4,048.1	2,208.1	2,142.1
Other insurance receivables	1,444.1	969.3	730.4
Reinsurance receivables	71.7	78.7	91.4
Total	**5,564.0**	**3,256.1**	**2,963.9**
Doubtful receivables	3.2	3.1	3.1

Note 12. Insurance and reinsurance liabilities

This note discloses details of insurance and reinsurance liabilities at 30 June 2011, 31 December 2010 and 30 June 2010:

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Cash deposits received from reinsurers	182.5	210.1	240.0
Liabilities arising from insurance transactions	1,507.8	1,278.2	1,904.5
Liabilities arising from reinsurance transactions	450.2	443.8	370.7
Deferred acquisition costs	10.9	11.4	14.0
Total	**2,151.3**	**1,943.6**	**2,529.2**

Note 13. Revenue

Revenue comprises:

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

13.1 Earned premiums and revenue from other activities

Business segment and contract type	30/06/2011	31/12/2010	30/06/2010
Insurance contracts	**11,655.7**	**23,079.9**	**12,414.6**
Life	**10,343.2**	**20,375.9**	**11,072.6**
Pure premiums	9,713.5	19,076.5	10,435.2
Loading	629.7	1,299.4	637.3
Non-life	**1,312.5**	**2,704.0**	**1,342.0**
Pure premiums	924.2	1,938.4	951.5
Loading	388.4	765.6	390.6
Financial instruments with DPF	**3,580.8**	**9,160.7**	**5,245.7**
Pure premiums	3,525.9	9,019.9	5,167.1
Loading	54.9	140.8	78.6
Earned premiums	**15,236.5**	**32,240.6**	**17,660.3**

Revenue from other activities	30/06/2011	31/12/2010	30/06/2010
Financial instruments without DPF	***46.4***	***75.1***	***45.8***
Loading	46.4	75.1	45.8
On premiums	39.7	74.5	36.2
On net assets	6.7	0.7	9.6
Services (IAS 18)	**58.4**	**116.1**	**54.4**
Other activities	**1.0**	**7.9**	**0.7**
Total	**105.7**	**199.0**	**100.9**

13.2 Reconciliation to reported revenue

In € millions	30/06/2011	31/12/2010	30/06/2010
Earned premiums	15,236.5	32,240.6	17,660.3
Premium loading on financial instruments without DPF (IAS 39)	39.7	74.5	36.2
Total	**15,276.2**	**32,315.1**	**17,696.5**

13.3 Revenue by partnership centre

In € millions	30/06/2011	31/12/2010	30/06/2010
La Banque Postale	4,874.4	10,613.1	5,452.7
Caisses d'Epargne	4,872.3	10,548.3	6,175.8
CNP Trésor	326.4	733.4	346.5
Financial institutions	713.5	1,521.8	763.2
Companies and local authorities	854.7	1,730.5	854.5
Mutual insurers	364.8	844.5	417.7
Foreign subsidiaries	3,226.1	6,185.9	3,598.3
Other	43.9	137.6	87.9
Total revenue	**15,276.2**	**32,315.1**	**17,696.5**

13.4 Revenue by business segment

In € millions	30/06/2011	31/12/2010	30/06/2010
Savings	**10,385.3**	**23,587.3**	**13,415.9**
Pensions	**2,047.6**	**3,160.5**	**1,534.5**
Personal Risk	910.5	1,727.7	878.7
Loan insurance	1,518.4	3,024.5	1,454.4
Health insurance	241.3	480.3	253.0
Property & casualty	173.0	334.8	160.0
Sub-total personal risk and other	**2,843.3**	**5,567.3**	**2,746.1**
Other business segments	**0.0**	**0.0**	**0.0**
Total revenue	**15,276.2**	**32,315.1**	**17,696.5**

13.5 Revenue by company

In € millions	30/06/2011	31/12/2010	30/06/2010
CNP Assurances	10,800.9	23,660.2	12,833.5
CNP IAM	1,054.6	2,189.1	1,104.3
Préviposte	121.3	240.9	130.3
ITV	21.2	34.9	14.0
CNP International	0.0	0.0	0.0
La Banque Postale Prévoyance	95.5	177.7	95.7
CNP Seguros de Vida	11.9	17.1	6.2
Caixa Seguros	1,400.9	2,445.8	1,205.4
CNP Unicredit Vita	672.9	2,472.9	1,871.9
CNP Vida	80.3	242.0	169.1
Marfin Insurance Holdings Ltd	107.6	202.9	99.9
CNP Europe	448.7	23.4	11.1
Barclays Vida y Pensiones	460.4	608.2	155.1
Total revenue	**15,276.2**	**32,315.1**	**17,696.5**

13.6 Revenue by country

	Under IFRS		Under French GAAP	
In € millions	30/06/2011	Year-on-year change	30/06/2011	Change
France	12,050.0	-14.5%	12,132.9	-15.2%
Italy	855.4	-55.4%	1,025.9	-51.8%
Portugal	173.8	314.9%	206.6	37.3%
Brazil	1,400.9	16.2%	1,608.5	16.2%
Argentina	11.9	91.3%	11.9	91.3%
Spain	227.2	-23.8%	227.2	-23.8%
Cyprus	107.6	7.8%	111.3	11.3%
Ireland	448.6	3,952.8%	448.6	3,952.8%
Other	0.8	-96.0%	0.6	-96.0%
Total revenue	**15,276.2**	**-13.7%**	**15,773.5**	**-14.3%**

13.7 Direct and inward reinsurance premiums

In € millions	30/06/2011	31/12/2010	30/06/2010
Insurance premiums	14,808.9	31,446.9	17,181.9
Inward reinsurance premiums	467.3	868.2	514.6
Total revenue	**15,276.2**	**32,315.1**	**17,696.5**

Note 14. Investment income

14.1 Investment income and expense

In € millions		30/06/2011	31/12/2010	30/06/2010
Available-for-sale financial assets	Interest income	4,003.4	7,947.4	3,821.7
	Other gains and losses	231.7	133.4	62.2
	Income from other financial assets	743.8	955.5	627.2
	Capital gains and losses on disposals	62.6	488.2	341.9
	Impairments	(300.6)	(211.9)	(247.7)
	Net income from available-for-sale financial assets	**4,740.8**	**9,312.5**	**4,605.3**
Held-to-maturity investments	Interest income	54.8	113.5	52.5
	Other gains and losses	(0.2)	(0.8)	(1.2)
	Other income	0.5	1.5	1.5
	Impairments	4.5	**4.0**	**4.0**
	Net income from held-to-maturity investments	**59.6**	**118.2**	**56.8**
Loans and receivables	Interest income	27.4	13.7	0.0
	Other gains and losses	0.0	0.0	0.0
	Other income	0.0	0.0	0.0
	Impairments	0.0	0.0	0.0
	Net income from loans and receivables	**27.4**	**13.7**	**0.0**
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	385.1	2,576.3	559.6
	Profit (loss) on derivative instruments held for trading and hedging	(50.9)	(215.1)	(346.1)
	Capital gains and losses on disposals	(54.4)	109.8	141.4
	Net income from financial assets at fair value through profit or loss	**279.8**	**2,471.0**	**354.8**
Investment property	Rent and other revenue	136.7	239.5	101.2
	Fair value adjustments	(0.6)	24.6	5.5
	Capital gains and losses on disposals	0.0	42.5	15.9
	Net income from investment property	**136.2**	**306.6**	**122.7**
Other investment expenses		**(115.4)**	**(398.7)**	**(171.2)**
Dilution gain		**0.0**	**0.0**	**0.0**
TOTAL INVESTMENT INCOME		**5,128.4**	**11,823.3**	**4,968.4**
Interest on subordinated debt at amortised cost		(70.2)	(95.0)	(39.3)
Interest on subordinated debt at fair value		0.0	0.0	0.0
Total finance costs		**(70.2)**	**(95.0)**	**(39.3)**
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		**5,058.1**	**11,728.2**	**4,929.1**

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

	30/06/2011	31/12/2010	30/06/2010
Investment income before finance costs	5,295.7	12,348.1	5,200.7
Investment and other financial expenses, excluding finance costs	(167.4)	(524.9)	(232.2)
Finance costs	(70.2)	(95.0)	(39.3)
Total	***5,058.1***	***11,728.2***	***4,929.1***

14.2 Impairment

This note discloses the nature and amount of impairment losses on financial assets recognised in profit or loss, by significant category of financial assets.

In € millions	30/06/2011	31/12/2010	30/06/2010
Available-for-sale financial assets	**(495.1)**	**(382.7)**	**(266.9)**
Fixed-rate bonds	(357.4)	(21.2)	(10.0)
Variable-rate bonds	(3.6)	0.0	0.0
TCNs (money market securities)	0.0	0.0	0.0
Equities	(116.3)	(168.5)	(92.0)
Equity funds	(5.4)	(33.0)	(28.5)
Non-voting loan stock	0.0	(0.4)	(0.3)
Other (including mutual fund units)	(12.4)	(159.6)	(136.1)
Held-to-maturity investments	**0.0**	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**	**0.0**
Total impairment charges	**(495.1)**	**(382.7)**	**(266.9)**
Available-for-sale financial assets	**194.5**	**170.7**	**19.3**
Fixed-rate bonds	96.5	43.1	8.0
Variable-rate bonds	49.6	0.0	0.0
TCNs (money market securities)	0.0	0.0	0.0
Equities	17.3	55.6	5.6
Equity funds	21.5	52.1	3.4
Non-voting loan stock	0.0	0.0	0.0
Other (including mutual fund units)	9.6	19.9	2.3
Held-to-maturity investments	**4.5**	**4.0**	**4.0**
Loans and receivables	**0.0**	**0.0**	**0.0**
Total impairment reversals	**199.0**	**174.8**	**23.3**
Net change in impairment provisions	**(296.1)**	**(207.9)**	**(243.6)**

Note 15. Income tax expense

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

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Current tax	356.7	578.6	323.8
Deferred tax	(20.5)	(555.8)	10.9
Income tax expense	**336.2**	**22.8**	**334.7**

In € millions	**30/06/2011**	**31/12/2010**	**30/06/2010**
Profit for the period	677.3	1,288.1	651.5
Tax rate	33.17%	1.74%	33.94%
Income tax expense	**336.2**	**22.8**	**334.7**