CNP Assurances

Embedded Value Report

31/12/10

Presentation of results for 2010

23rd of February, 2011

Contents

1. Introduction

Since 1999, CNP Group's financial reporting includes the publication of the value of the existing portfolio of contracts (Embedded Value), as well as the publication of the New Business value. The scope covers the group's entities that have a significant impact on the value; CNP Assurances and its subsidiaries in France and abroad.

These indicators provide a picture of the present value of future profits expected from insurer's stock portfolio. The New Business value offers a more detailed view of the new businesses sold during the current year.

The published values stem from a "Market Consistent" approach. The calculations carried out by CNP Group comply with the MCEV©[1] standards, as stated in the "The European Insurance CFO Forum Market Consistent Embedded Value Principles", with the exceptions of the valuations of Caixa Seguros, which is based on the traditional embedded value method. The valuation of CNP Vita is based on Italian Government Bonds yield curve.

These valuations are methodologically reviewed and the coherence of the results is verified. The verifications lead to the certification by the Milliman firm.

Furthermore, the MCEV© sensitivities have been integrated in Appendixes IFRS7, and as such are subject to review by the auditors.

2. Results

2.1 MCEV© as of the 31st of December 2010

	MCEV© 2010 before payment of 10 dividends		MCEV© 2009 after payment of 09 dividends		Variation before payment of 10 dividends		MCEV© 2009 before payment of 09 dividends	
	M€	€ / Share[2]	M€	€ / Share	M€	%	M€	%
ANAV – Adjusted Net Asset Value	**8,993**	**15.1**	**8,512**	**14.3**	**481**	**6%**	**8,956**	**15.1**
Required Capital	7,623	12.8	7,496	12.6	**127**	2%	7,496	12.6
Free Surplus	1,369	2.3	1,016	1.7	**354**	35%	1,460	2.5
VIF – Value of In Force	**3,089**	**5.2**	**2,760**	**4.6**	**329**	**12%**	**2,760**	**4.6**
Present Value of Future Profits	6,538	11.0	5,748	9.7	**789**	14%	5,748	9.7
Time Value of Options and Guarantees	-1,787	-3.0	-1,419	-2.4	**-368**	26%	-1,419	-2.4
Frictional Costs of Required Capital	-1,114	-1.9	-1,132	-1.9	**17**	-2%	-1,132	-1.9
Costs of Non-Hedgeable Risks	-548	-0.9	-438	-0.7	**-110**	25%	-438	-0.7
MCEV© - Market Consistent Embedded Value	**12,081**	**20.3**	**11,271**	**19.0**	**810**	**7%**	**11,715**	**19.7**

The 2010 MCEV© of CNP Assurances is 12,081 M€, which represents a 7% increase from its 2009 value. This evolution stems from a 12% increase of the value of In-Force and from a 6% increase of the Adjusted Net Asset Value.

Mathematical reserves have increased by 7.6%. This effect, combined with the integration of Barclays Vida y Pensiones (BVP), and the good results of international branches, created a 14% increase in the present value of future profits. It should be noted that the value of financial options and guarantees has seen a significant 26% rise in a context of widening spreads and highly volatile financial markets. New risk measures introduced by QIS5 have led to an increase in the cost of non-hedgeable risks. On a like-for-like basis, the VIF increases by 7.2%.

Excluding dividends, the ANAV is virtually stable due to the integration of the 2010 result (1,050 M€) which is compensated by the payment of dividends (- 444 M€) and the cancellation of the deferred tax on the "Réserve de Capitalisation" (- 554 M€).

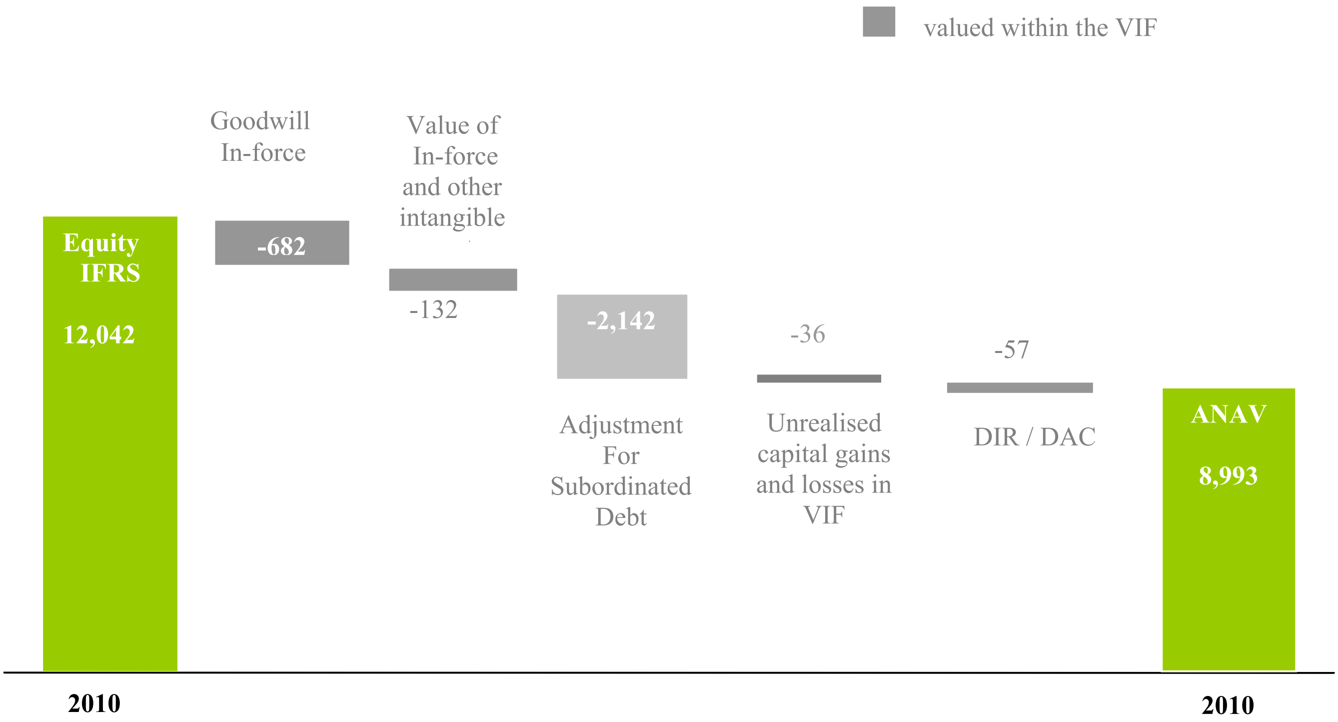
2.1.1 Adjusted Net Asset Value

The Adjusted Net Asset Value is calculated on the basis of IFRS Equity, after adjusting for the following elements:

- Elimination of intangible assets on the IFRS balance sheet such as Goodwill and distribution agreements, Values of In-Force and DAC,
- Deduction of unrealized capital gains and losses already accounted for in the Value of In-Force, and reintegration of shareholders' interest in unrealised gains not accounted for in the IFRS Framework (real estate and HTM),
- Adjustment for the subordinated debt.

[2] Number of shares on the 31/12/2010: 594,151,292. The 2009 €/share values concern the number of shares on the 31/12/10 (nominal value of Groupe CNP shares was divided by 4 on the 06/07/10)

The following diagram shows the reconciliation between the IFRS Equity and the Adjusted Net Asset Value:



2.2 VNB as of the 31st of December 2010

Standards of MCEV©	2010		2009		Variation	
	M€	€ / Share	M€	€ / Share	M€	%
Present value of future profits	746	1.3	663	1.1	83	13%
Time value of options and guarantees	-177	-0.3	-150	-0.3	-27	18%
Frictional costs of Required Capital	-106	-0.2	-116	-0.2	10	-9%
Costs of non-hedgeable risks	-70	-0.1	-37	-0.1	-34	91%
New Business Value	**393**	**0.7**	**360**	**0.6**	**33**	**9%**
APE (Annual Premium Equivalent)	3,186		3,143		42	1%
PVNBP (Present Value of New Business Premiums)	28,427		28,309		118	1%
APE Ratio	**12.3%**		**11.5%**		**0.9%**	**8%**
PVNBP ratio	**1.4%**		**1.3%**		**0.1%**	**9%**

The 9% increase of the 2010 New Business value to 393 M€ is largely explained by BVP's integration in the valuation scope (25 M€).

The detail by country is presented in section 3.2.1 of this report.

Stability of the APE volume (+1%) is explained by a quasi-stability of sales volumes on the French market, which is compensated by a progression on the international market.

The New Business APE ratio boasts a slight improvement due to a favourable mix of products sold on the French market (rise in sales volumes of unit-linked savings), and a more significant contribution of international sales. The former representing 21.5% of the APE value in 2010, against 19.3% in 2009.

The following table shows the detail of the evolution of the Value of New Business:

Standards of MCEV©	VNB	Variation	Ratio APE
New Business 2009	**360**		**11.5%**
BVP integration	**386**	**26**	**12.1%**
Change in the APE volume	395	9	12.6%
Change in the Product Mix	392	-3	12.5%
Change in the experience	391	-1	12.5%
Change in the financial market conditions	379	-12	12.1%
Change in the tax rate	379	0	12.1%
Change in the foreign exchange rate	393	14	12.3%
New Business 2010	**393**	**33**	**12.3%**

The change in the APE volume contributes 9 M€ to the increase of New Business value.

The effect of the product mix in 2010 is explained by two opposite impacts: the downward pricing revision of the credit insurance portfolio in Brazil following the opening up of market is partially offset by the increase of the share of unit-linked savings contracts in France.

The update of experience data reveals a rise in some group protection contracts claims rate in France; on the same contracts, the increase of the employment period due to a rise in the retirement age has had a negative impact on the New Business value.

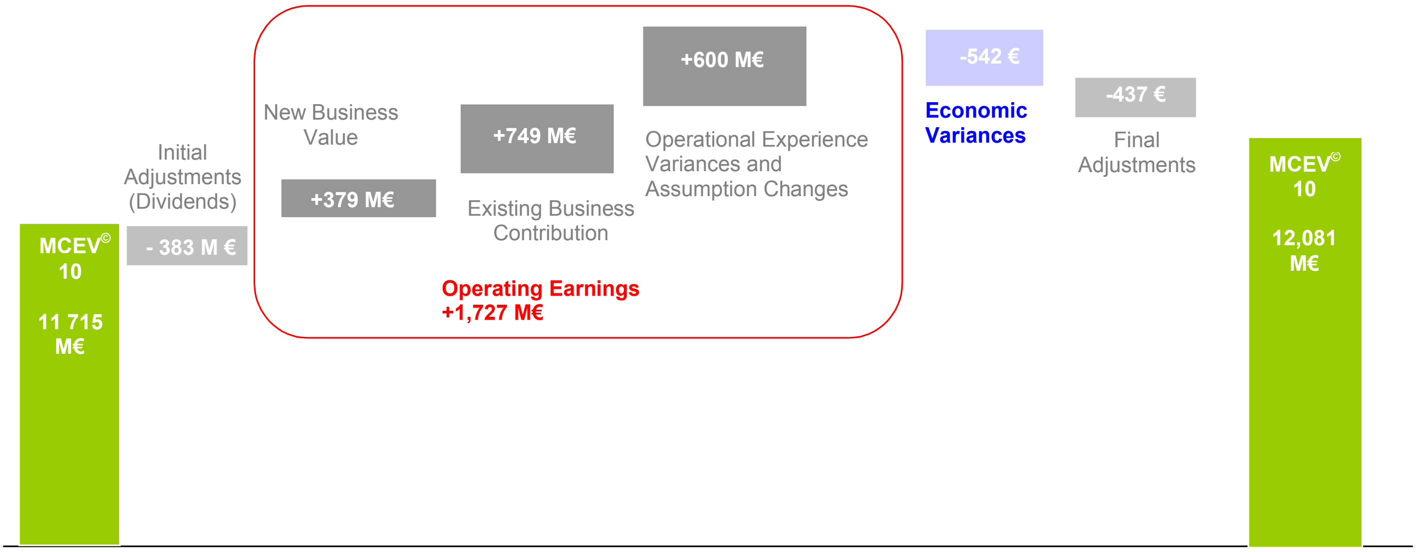
The impact of financial markets has led to a 0.4 point decrease in the APE ratio, which is mainly explained by the high level of volatility in a context of low interest rates.

2.3 Sensitivities

The sensitivities presented below are in compliance with the requirements of the CFO Forum.

M€	ANAV	VIF	MCEV©	VNB
MCEV - Market Consistent Embedded Value	**8,993**	**3,089**	**12,081**	**393**
+ 100 bp change p.a. in the interest rate environment	-218	218	0	14
- 100 bp change p.a. in the interest rate environment	218	-332	-115	-120
+ 10bp change in the liquidity premium		50	50	3
10% decrease in equity/property capital values	-227	-266	-493	
10% proportionate decrease in lapse rates		136	136	28
10% decrease in maintenance expenses		399	399	38
Required Capital equal to regulatory solvency margin		97	97	8
5% proportionate decrease in base mortality/morbidity rates - longevity risk		-79	-79	-1
5% proportionate decrease in base mortality/morbidity rates - Mortality and disability risk		133	133	54
25% increase in swaption implied volatilities		-241	-241	-27
25% increase in equity/property implied volatilities		-476	-476	-45

2.4 Analysis of Earnings



The analysis of earnings highlights the significant contribution of **operating earnings** in the increase in MCEV© between 2009 and 2010. It breaks down as follows:

- 379 M€ of New Business value,
- 749 M€ derived from the portfolio existing at 31 December 2009,
- 600 M€ of operational experience variances and changes in operational assumptions.

The evolution of financial markets in 2010 translates into a 542 M€ decrease taken into account in **"Economic Variances"** item. The effects of highly volatile financial markets and widening spreads lead to a significant increase of the time value of financial options and guarantees.

The other elements leading to a MCEV© of 12,081 M€ are primarily explained by the cancellation of the deferred tax on the “Réserve de Capitalisation”, which was formerly valued in the MCEV© (-554 M€), and by changes in the foreign exchange rates in the amount of 134 M€.

The following table shows the analysis of earnings split between the Value of In-Force and the ANAV, the latter being broken down into Required Capital and Free Surplus. These two concepts result from the MCEV© publication standards as defined by the CFO Forum. The Required Capital corresponds to the capital that is required for the insurance activity according to each insurer’s criteria. CNP Assurances has established its capital requirement as 110% of the regulatory solvency margin requirement (as per Solvency I), this capital requirement being covered up to 40% by subordinated debt. The Free Surplus is the remaining capital once the Required Capital has been deducted.

	ANAV	Including Free Surplus	Including Required Capital	VIF	MCEV©
MCEV© 2009	**8,956**	**1,460**	**7,496**	**2,760**	**11,715**
Opening adjustments	-444	-463	19	61	-383
Adjusted MCEV© 2009	**8,512**	**996**	**7,515**	**2,821**	**11,332**
New business value	-5	-908	903	384	379
Expected existing business contribution	37	37	0	711	749
Transfers from the VIF and required capital to free surplus	745	1,253	-508	-745	0
Experience variances	171	491	-320	81	252
Assumption changes	0	0	0	347	347
Other operating variance	0	0	0	0	0
Operating MCEV© Earnings	**949**	**874**	**75**	**779**	**1,727**
Economic variances	25	8	17	-567	-542
Other non-operating variance	5	5	0	-4	0
Total MCEV© earnings	**978**	**886**	**92**	**208**	**1,186**
Closing adjustments	-497	-514	17	61	-437
MCEV© 2010	**8,993**	**1,370**	**7,623**	**3,089**	**12,081**

The opening adjustments item corresponds:

- at the level of the ANAV, to the payment of 2009 dividends
- at the level of the VIF, to the integration of Barclays Vida y Pensiones (BVP) in the amount of 61 M€.

The value of the New Business contributes +379 M€ to the increase in the MCEV©. This amount includes a loss of -5 M€ in the form of 2010 net results. The increase in Required Capital pertaining to this New Business is 903 M€.

The expected contribution of existing business (+749 M€) consists in the combined effects of the capitalisation of the Value of In-Force (+711 M€) and of the expected return on the Free Surplus (+37 M€). Furthermore, the 2010 expected profits generated in the VIF as at 31/12/2009 are transferred to the ANAV without affecting the MCEV.

The experience variances from operational activities affecting the ANAV are in the amount of 171 M€. These are the result of non-recurring items that create a difference between the actual result and the expected one, as well as of an actual experience more favourable than expected. These items have led the CNP Group to update its non-economic assumptions by 347 M€. Claims and lapses rates in Individual Savings on the French market were reviewed downwards.

The experience variances from operational activities affecting the Required Capital are in the amount of 320 M€ and are mainly due to the issuing of subordinated debt, which increases the proportional amount of Required Capital that is financed by subordinated debt from 37% to 40%. This also translates to an additional return in the VIF.

A detailed analysis per country is presented in the following section.

2.5 IDR Implied Discount Rate

The IDR rate stands at 7.7% at the level of the CNP Group as of 31st December 2010 and 7.4% on the 31st of December 2009 after the impact of initial adjustments. It is calculated on the basis of a 20 bp spread on existing corporate bonds. A 20 bp spread is added to the reference rate structure and a 200 bp equity risk premium is used. The increase in the cost of financial options and guarantees as well as in non-hedgeable risks is partially compensated by a decrease in Required Capital resulting from the issuing of subordinated debt.

3. Detail of results per country

The following chapter provides an analysis of the main indicators and evolution factors per country.

3.1 VIF per country as of the 31st of December 2010

The table presented hereunder provides a break-down of In-Force values per country:

		Group	France	International	*including Brazil*	*including Italy*	*including Spain*
MCEV© 2010	Present Value of Future Profits	6,538	5,718	820	552	158	73
	Time Value of Options and Guarantees	-1,787	-1,754	-33	0	-30	-2
	Frictional Costs of Required Capital	-1,114	-1,076	-38	-24	-10	-4
	Costs of Non-Hedgeable Risks	-548	-533	-15	0	-7	-4
	Value of In-Force	**3,089**	**2,355**	**733**	**528**	**111**	**63**
MCEV© 2009	Present Value of Future Profits	5,748	5,171	577	423	130	
	Time Value of Options and Guarantees	-1,419	-1,400	-19	0	-19	
	Frictional Costs of Required Capital	-1,132	-1,104	-28	-19	-7	
	Costs of Non-Hedgeable Risks	-438	-433	-5	0	-3	
	Value of In-Force	**2,760**	**2,235**	**525**	**404**	**102**	
Evolution	M€	**329**	**121**	**208**	**124**	**9**	**63**
	%	**12%**	**5%**	**40%**	**31%**	**8%**	**NS**

The French VIF has risen by 5%, an increase partly explained by a 6% rise in mathematical reserves.

Furthermore, a strong contribution of international entities has been observed, mainly due to a 31% increase (16% at fixed exchange rate) in Brazilian operations and to the introduction of BVP subsidiary in the amount of 61 M€ as of the 31st of December 2009.

3.2 VNB as of the 31st of December 2010

3.2.1 APE Volume

	Group	France	International	*including Brazil*	*including Italy*	*including Spain*
IFRS 2010 Revenue	32,315	26,129	6,186	2,446	2,473	850
IFRS 2009 Revenue	32,586	26,289	6,297	1,879	3,502	
Revenue progression rate	-1%	-1%	-2%	30%	-29%	
APE 2010	**3,186**	**2,499**	**686**	**420**	**192**	**69**
APE 2009	3,143	2,537	607	322	251	
APE evolution rate	1.3%	-1%	13%	30%	-24%	
PVNBP 2010	**28,427**	**24,158**	**4,269**	**1,879**	**1,696**	**640**
PVNBP 2009	28,309	24,216	4,093	1,576	2,236	
Evolution rate of the PVNBP	0%	-0%	4%	19%	-24%	

- **France**

The APE volume has shown a 1% decrease in relation to 2009, and stands at 2,499 M€: the APE of euro savings contracts decreases by 6%, this diminution is partly compensated by a significant rise in unit-linked contracts (+127%).

- **Brazil**

The APE of Caixa Seguros has increased by 30% (15% at fixed exchange rates), largely due to the growth of the Savings, Pensions and Concorcio branches. Furthermore, the share of credit insurance contracts Hypotecario diminished in 2010, which is explained by the opening up of markets.

- **Italy**

After significant growth in 2009, the APE volume of both the subsidiary CNP Unicredit Vita and the Italian branch fell by 24% and stands at 192 M€ in 2010. A change in the product mix was observed, whereby the Unigarantito product went from nearly 73% of the APE volume in 2009 to 55% of sales volumes. The range of contracts has grown with the arrival of a unit-linked contract (Multi Ramo) that already represents some 8% of the APE volume.

- **Spain**

The integration of the BVP subsidiary in the amount of 45 M€ has increased the Spanish APE volume to nearly 70 M€ including CNP Vida.

3.2.2 VNB per country as of the 31st of December 2010

	Group		*France*		*International*		*including Brazil*		*including Italy*		*including Spain*	
	NB	Ratio APE	*NB*	*Ratio APE*	*NB*	*Ratio APE*	NB	Ratio APE	*NB*	*Ratio APE*	*NB*	*Ratio APE*
New Business 2009	**360**	**11.5%**	**212**	**8.3%**	**148**	**24.5%**	**117**	**36.4%**	**30**	**11.8%**	**0**	**0.0%**
BVP integration	**386**	**12.1%**	**212**	**8.3%**	**175**	**28.8%**	**117**	**36.4%**	**30**	**11.8%**	**26**	**35.2%**
Change in the APE volume	395	12.6%	208	8.3%	187	29.3%	135	36.4%	23	11.8%	26	38.2%
Change in the Product Mix	392	12.5%	231	9.2%	161	25.3%	108	29.0%	23	11.8%	28	40.5%
Change in the experience	391	12.5%	225	9.0%	166	26.0%	112	30.1%	22	11.5%	29	41.9%
Change in the financial market conditions	379	12.1%	222	8.9%	157	24.6%	110	29.6%	19	10.1%	24	34.9%
Change in the tax rate	379	12.1%	222	8.9%	157	24.6%	110	29.6%	19	10.1%	24	34.9%
Change in the foreign exchange rate	393	12.3%	222	8.9%	171	24.9%	124	29.6%	19	10.1%	24	34.9%
New Business 2010	**393**	**12.3%**	**222**	**8.9%**	**171**	**24.9%**	**124**	**29.6%**	**19**	**10.1%**	**24**	**34.9%**
Evolution	**33**	**0.9%**	**10**	**0.5%**	**23**	**0.5%**	**7**	**-6.8%**	**-10**	**-1.6%**	**24**	**NS**

- **France**

The 2010 product mix has been favourable, increasing the APE ratio by 0.9 points, with the proportion of unit-linked business increasing from 3.2% in 2009 to 7.4% in 2010
This increase in the APE ratio has been dampened by a degradation of the claims rate and an increase in the retirement age on the group risk portfolio, bringing the APE ratio down by - 0.2 points.
Globally, the APE ratio has risen by 0.5 points for French operations.

- **Brazil**

Brazil continues its dynamic growth: the increase in the APE volume leads to an 18 M€ rise in VNB. The downward pricing revision of credit insurance contracts has a negative impact on the new business value. Nevertheless this decrease is compensated by the appreciation of réal. The APE ratio of 2010 returns to a level close to 2008.

- **Italy**

After a year of dynamic sales in 2009, 2010 was marked by a strong fall in inflows. The financial environment, in the context of high volatility, explains primarily the diminution of the APE ratio.

- **Spain**

The integration of BVP contributes for Spain in the amount of 24 M€ with an APE ratio of 34.9%; this level of profitability results essentially from an important share of risk contracts in this portfolio.

The following table shows the Value of New Business per country:

		Group	France	International	including Brazil	including Italy	including Spain
2010	PVFP	**746**	**550**	**196**	**133**	**34**	**27**
	TVOG	**-177**	**-168**	**-9**	**0**	**-8**	**-1**
	FCRC	**-106**	**-93**	**-13**	**-8**	**-3**	**-1**
	CNHR	**-70**	**-66**	**-4**	**0**	**-3**	**-1**
	VNB	**393**	**222**	**171**	**124**	**19**	**24**
	VNB/APE ratio	**12.3%**	**8.9%**	**24.9%**	**29.6%**	**10.1%**	**34.9%**
	VNP/PVNBP ratio	**1.4%**	**0.9%**	**4.0%**	**6.6%**	**1.1%**	**3.8%**
2009	PVFP	663	485	178	125	51	
	TVOG	-150	-134	-16	0	-16	
	FCRC	-116	-104	-12	-8	-4	
	CNHR	-37	-35	-2	0	-1	
	VNB	**360**	**212**	**148**	**117**	**30**	
	VNB/APE ratio	**11.5%**	**8.3%**	**24.5%**	**36.4%**	**11.8%**	
	VNP/PVNBP ratio	1.3%	0.9%	3.6%	7.4%	1.3%	

3.3 Sensitivities

3.3.1 VIF Sensitivities

M€	Group	France	International	including Brazil	including Italy	including Spain
VIF - Value of In-Force	**3,089**	**2,355**	**733**	**528**	**111**	**63**
+ 100 bp change p.a. in the interest rate environment	218	238	-21	-24	-18	21
- 100 bp change p.a. in the interest rate environment	-332	-348	15	24	12	-20
+ 10bp change in the liquidity premium	50	49	1	0	0	1
10% decrease in equity/property capital values	-266	-262	-4	0	-3	-1
10% proportionate decrease in lapse rates	136	112	24	11	4	7
10% decrease in maintenance expenses	399	383	16	4	5	5
Required Capital equal to regulatory solvency margin	97	96	1	0	1	0
5% proportionate decrease in base mortality/morbidity rates - longevity risk	-79	-76	-3	0	0	-3
5% proportionate decrease in base mortality/morbidity rates - Mortality and disability risk	133	108	24	18	4	2
25% increase in swaption implied volatilities	-241	-222	-19	0	-19	0
25% increase in equity/property implied volatilities	-476	-471	-5	0	-5	0

3.3.2 VNB Sensitivities

M€	Group	France	International	including Brazil	including Italy	including Spain
New Business Value	**393**	**222**	**171**	**124**	**19**	**24**
+ 100 bp change p.a. in the interest rate environment	14	14	0	-4.5	1.3	3.9
- 100 bp change p.a. in the interest rate environment	-120	-113	-6	4.8	-6.2	-5.0
+ 10bp change in the liquidity premium	3	3	0	0.0	0.0	0.3
10% proportionate decrease in lapse rates	28	19	9	5.9	1.2	1.9
10% decrease in maintenance expenses	38	32	7	3.8	1.1	1.4
Required Capital equal to regulatory solvency margin	8	8	0	0.0	0.3	-0.1
5% proportionate decrease in base mortality/morbidity rates - longevity risk	-1	-1	0	0.0	0.0	0.0
5% proportionate decrease in base mortality/morbidity rates - Mortality and disability risk	54	44	10	8.3	0.7	0.6
25% increase in swaption implied volatilities	-27	-22	-5	0.0	-4.8	0.0
25% increase in equity/property implied volatilities	-45	-44	-1	0.0	-1.0	0.0

3.4 Analysis of Earnings

- **France**

	ANAV	Including Free Surplus	Including Required Capital	VIF	MCEV©
MCEV© 2009	**8,141**	**923**	**7,218**	**2,235**	**10,376**
Opening adjustments	-416	-419	3	-3	-420
Adjusted MCEV© 2009	**7,725**	**504**	**7,221**	**2,231**	**9,956**
New business value	1	-806	807	221	222
Expected existing business contribution	13	13	0	622	634
Transfers from the VIF and required capital to free surplus	605	1,086	-482	-605	0
Experience variances	136	435	-300	118	253
Assumption changes	0	0	0	309	309
Other operating variance	0	0	0	0	0
Operating MCEV© Earnings	**754**	**728**	**26**	**665**	**1,419**
Economic variances	20	2	18	-541	-521
Other non-operating variance	3	3	0	0	3
Total MCEV© earnings	**777**	**733**	**44**	**124**	**901**
Closing adjustments	-637	-637	0	0	-637
MCEV© 2010	**7,864**	**600**	**7,265**	**2,355**	**10,220**

Opening adjustments include the payment of a 444 M€ dividend to CNP Group shareholders and an inflow representing the dividends from the subsidiaries paid for 2009 financial year. Moreover the net asset value of BVP has been deducted from France ANAV, this subsidiary being now valued explicitly in the MCEV©.

In 2010, New Business contributed +221 M€ to the increase in the VIF. The increase in Required Capital linked to this New Business amounts to 807 M€.

The experience variances from operational activities affecting the ANAV are in the amount of 136 M€. These are the result of non-recurring items that create a difference between the actual result and the expected one, as well as of an actual experience more favourable than expected. These items have led the CNP Group to update its non-economic assumptions by 309 M€. Claims and lapses rates in Individual Savings were reviewed downwards.

The experience variances from operational activities affecting the Required Capital are in the amount of 300 M€ and are mainly due to the issuing of subordinated debt, which increases the proportional amount of Required Capital that is financed by subordinated debt from 37% to 40%. This also translates into an increase in the VIF.

The movements of financial markets had an adverse effect of 541 M€ on the VIF in a context of widening spreads and high volatility. The effects of highly volatile financial markets and widening spreads lead to a significant increase in the time value of financial options and guarantees.

The "final adjustments" item includes the cancellation of the deferred tax on the “Réserve de Capitalisation” and an increase in the capital of CNP Unicredit Vita.

- **Brazil**

	ANAV	Including Free Surplus	Including Required Capital	VIF	MCEV©
MCEV© 2009	**498**	**391**	**108**	**404**	**903**
Dividends	-100	-100	0	0	-100
Adjusted MCEV© 2009	**399**	**291**	**108**	**404**	**803**
New business value	21	-25	46	89	110
Expected existing business contribution	17	17	0	68	85
Transfers from the VIF and required capital to free surplus	103	127	-24	-103	0
Experience variances	8	5	3	-25	-17
Assumption changes	0	0	0	44	44
Other operating variance	0	0	0	0	0
Operating MCEV© Earnings	**149**	**125**	**24**	**74**	**222**
Economic variances	19	19	0	-11	8
Other non-operating variance	4	4	0	0	4
Total MCEV© earnings	**172**	**148**	**24**	**63**	**235**
Closing adjustments	74	57	17	61	134
MCEV© 2010	**645**	**496**	**149**	**528**	**1,173**

The dividend paid by Caixa Seguros for the 2009 financial year is in the amount of 100 M€. Therefore, the adjusted MCEV© stands at 803 M€.

The New Business contributes 110 M€ at fixed exchange rates to the increase in the MCEV©: the 2010 New Business result increases the ANAV by 21 M€ and the VIF grows by 89 M€.

The experience variances on operational activities are mainly due to lower than expected expenses and claims rates. This has led CNP Group to revise its assumptions, which had a positive impact on the VIF of +44 M€.

The impact of financial markets is relatively neutral in terms of the value of Caixa Seguros, better than expected results on the Brazilian activities were offset by a reduction in unrealised capital gains. The 4 M€ amount included in the "other non-operating variance" corresponds to the difference between the real tax amount paid and the amount based on the standard tax rate.

The favourable movement in exchange rates has led to a 134 M€ increase in the MCEV©.

- **Italy**

	ANAV	Including Free Surplus	Including Required Capital	VIF	MCEV©
MCEV© 2009	**168**	**55**	**114**	**102**	**270**
Dividends	0	0	0	0	0
Adjusted MCEV© 2009	**168**	**55**	**114**	**102**	**270**
New business value	-23	-60	36	43	19
Expected existing business contribution	2	2	0	12	14
Transfers from the VIF and required capital to free surplus	25	40	-15	-25	0
Experience variances	16	19	-3	-9	7
Assumption changes	0	0	0	-4	-4
Other operating variance	0	0	0	0	0
Operating MCEV© Earnings	**19**	**1**	**18**	**18**	**37**
Economic variances	-11	-10	-1	-6	-17
Other non-operating variance	-3	-3	0	-3	-6
Total MCEV© earnings	**5**	**-12**	**17**	**9**	14
Closing adjustments	66	66	0	0	66
MCEV© 2010	**240**	**109**	**131**	**111**	**351**

New business contributes 19 M€ to the increase in the MCEV©. This amount is made up of the -23 M€ 2010 result of New Business (due to the level of expenses and acquisition fees during the first year). The increase in Required Capital pertaining to this New Business is 36 M€.

The experience variances on operational activities are mainly explained by the DAC and DIR activation and amortisation generating a difference between the actual and the expected result.

The negative impact of 17 M€ of financial situation is explained by:

- a decrease in unrealised gains on asset portfolios,
- an increase in the cost of financial options and guarantees in the context of highly volatile markets.

CNP Unicredit Vita shareholders proceeded to a capital injection in attempt to support the subsidiary's development strategy.

- **Spain**

	ANAV	Including Free Surplus	Including Required Capital	VIF	MCEV©
MCEV© 2009	**82**	**37**	**45**	**-7**	**75**
Opening adjustments	74	58	16	61	135
Adjusted MCEV© 2009	**156**	**95**	**61**	**54**	**210**
New business value	-1	-13	12	25	24
Expected existing business contribution	3	3	0	7	9
Transfers from the VIF and required capital to free surplus	10	-3	13	-10	0
Experience variances	12	32	-20	-3	8
Assumption changes	0	0	0	-2	-2
Other operating variance	0	0	0	0	0
Operating MCEV© Earnings	**23**	**18**	**5**	**16**	**40**
Economic variances	-4	-4	0	-7	-11
Other non-operating variance	0	0	0	-1	-1
Total MCEV© earnings	**19**	**14**	**5**	**9**	28
Closing adjustments	0	0	0	0	0
MCEV© 2010	**175**	**109**	**66**	**63**	**238**

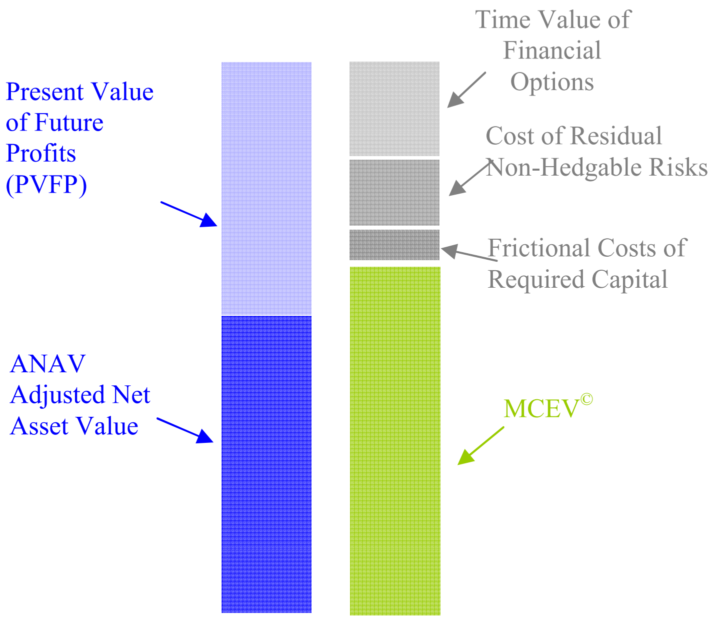
The opening adjustments item includes the integration of BVP in the amount of 135 M€, which leads to a 210 M€ adjusted MCEV©.

New business contributes 24 M€ to the increase in the MCEV©, made up of a -1 M€ decrease in the ANAV, explained by the 2010 result of New Business (due to the level of expenses and acquisition fees during the first year) and a 25 M€ increase in the VIF.

The operational variance observed essentially results from non-recurring gains associated with the decrease in some IFRS provisions, generating therefore a difference between the actual and the expected result.

The financial situation has an 11 M€ negative impact resulting in particular from widening of credit spreads.

4. Methodology



The Embedded Value is the consolidated value of shareholders' interests generated by the portfolio's insurance activities as of the assessment date. This value does not take into account future New Business. The methodology chosen by CNP Group is based on the MCEV©[3] calculation standards as set forth by the "The European Insurance CFO Forum Market Consistent Embedded Value Principles" in the month of October 2009. This chapter details the principles adopted by CNP Group and the main definitions on which the publication is based.

4.1 Coverage

The scope considered is that of all the group's entities that have a significant impact on to the value of the group: CNP Assurances and its branches in France and abroad.

Geographic area	Entities	Shares owned
France	CNP Assurances	Consolidating entity
	CNP IAM	100%
	Préviposte	100%
	ITV	100%
	CNP International	100%
	La Banque Postale Prévoyance	50%
Italy	CNP Unicredit Vita	57.5%
	Italian branch of CNP Assurances	100%
Brazil	Caixa Seguros	51.75%
Spain	CNP Vida	94%
	EstalVida	75.35%
	BVP[4]	50%
Cyprus	Marfin Insurance Holding	50.1%

The other entities were valued in compliance with IFRS principles.

[3] Copyright © Stichting CFO Forum Foundation 2008
[4] Including business located in Portugal and Italy

In the end of 2010, CNP Assurances and MFP moved to a structural partnership in order to strengthen their relationships. CNP acquired 65% of MFP capital. As on the 31st of December 2010, MFP was valued according to the same principles as on the 31st of December, 2009. The modalities of this new partnership will be taken into account for 2011 valuation.

CNP Assurances group primarily centres its activities on personal insurance:

- Individual Savings in Euros and Unit-linked
- Individual Retirement Savings
- Individual and Collective Protection
- Collective Retirement Savings
- Credit Life Insurance

All these calculations were carried out net of external reinsurance and coinsurance.

4.2 Adjusted Net Asset Value

The Adjusted Net Asset Value (ANAV) reflects the market value of the assets backing the shareholders equity after deduction of intangible assets, subordinated liabilities and other elements used in the valuation of the In-Force business.

Analytically, the ANAV is determined as the consolidated share of the group at the date of valuation and it breaks down into Required Capital and Free Surplus.

4.2.1 Required Capital

The Required Capital is the market value of assets, attributed to the covered business over and above that required to back liabilities for covered business, whose distribution to shareholders is restricted.

The Required Capital is the level of capital a company defines to reach a targeted credit rating or to comply with its internal risk assessment. The capital level set by the CNP Group to manage their risk corresponds to 110% of the regulatory solvency margin requirement net of all other sources of funding such as subordinated debt. Subordinated debt covers 40% of the margin requirement as of 31/12/2010.

4.2.2 Free Surplus

The Free Surplus is the market value of any assets allocated to, but not required to support the in-force covered business at the valuation date.

4.3 Value of In-Force covered business

4.3.1 PVFP - Present value of future profits

The PVFP corresponds to the present value of future profits net of tax generated by the in-force covered business at the valuation date. This value is calculated using a Market Consistent methodology except for Caixa Seguros where the traditional methodology is maintained. According to this MCEV© methodology, no risk premium is included in the projected returns and in the discount rates. The reference rate curve is the SWAP rate curve increased by a liquidity premium, except for CNP Unicredit Vita, where the Italian Government Bonds yield curve is used.

This value reflects the intrinsic value of financial options and guarantees on In-Force covered business but does not include the time value of these financial options and guarantees.

4.3.2 Frictional cost of Required Capital

Frictional costs of Required Capital reflect the taxation and investment costs on assets backing Required Capital.

The frictional cost of Required Capital takes also into account the cost stemming from the financing of a share of Required Capital by subordinated debt; this cost is calculated as the difference between the economic value and the face value of subordinated debt. CNP Group defines this economic value as the net present value of the future cash-flows paid to the debt's holders, based on a discount rate which takes into account every security's spread at inception. For New Business, Required Capital is assumed to be financed by subordinated debt to the same extent as for In-Force; this financing is ensured by newly issued subordinated debt, whose economic value is equal to the face value.

4.3.3 Time value of options and guarantees

CNP Assurances has chosen a Market Consistent approach to estimate financial options and guarantees
The main options and guarantees contained in the covered business are:

- Minimum guaranteed interest rate,
- Profit sharing,
- Guaranteed annuity option,
- Guaranteed minimum death benefit within unit linked contracts,
- Guarantee of technical rate for annuity business and guaranteed acquisition premium associated with the Préfon portfolio,
- Guarantee on the surrender value, surrender options.

The time value of financial options and guarantees (TVOG) is generated by the asymmetric nature of the distribution of profits between the shareholders and the insured according to the different movements of financial markets. Broadly speaking, a financial loss is entirely incurred by the shareholders, whereas the financial gains are shared according to the regulatory and contractual provisions governing the sharing of profits. On the basis of multiple simulations, the use of stochastic calculations enables to cover all possible evolutions of the financial markets and therefore to obtain the cost associated with unfavourable market deviations.

The assessment is therefore based on a stochastic model that rests on a risk neutral approach. This approach consists in defining the price of an asset as the expectancy of present value of future cash flows discounted at risk-free rate. The economic generator of CNP Group generates 1000 equiprobable scenarios that forecast:

- The evolution of a stock index,
- The dividend rate of the shares,
- The inflation,
- The real rates' curve for maturities between 1 and 30 years,
- The nominal rates' curve for maturities between 1 and 30 years.

The interest rate curve is obtained with the Heath, Jarrow and Morton framework (HJM) with two sources of risk. The growth index of the shares is modelled with a modified geometric Brownian motion, in which the drift is equal to the short term rate generated by the HJM framework. The methods used by CNP teams in order to calibrate the economic generator are described in the "Assumptions" section of this report.
CNP Group has also introduced in its projection model a dynamic surrender component; this additional component takes into account the tendency of the insured to surrender their contracts when their return is deteriorated compared to a market reference.

Given the economic and financial context in Brazil, CNP Group has opted for a traditional approach for the valuation of Caixa Seguros. This decision is motivated by the difficulty to establish financial parameters that are sufficiently stable to be used in valuations consistent with the principles of the CFO Forum. The activities carried out by Caixa Seguros mainly consist in the coverage of insurance risks; the financial options are considered marginal relative to the scale of the CNP Group.

4.3.4 Costs of residual non-hedgeable risks

In compliance with standards 6 and 9 of the Embedded Value publication standards, a cost must be allocated for non-hedgeable financial and non-financial risks. This cost results from:

- risks not taken into account in the PVFP or in the TVOG,
- asymmetrical effect of some non-hedgeable risks on the value,
- underlying uncertainty inherent in "Best Estimate" assumptions for non-hedgeable risks.

In order to evaluate the residual non hedgeable risks CNP Assurances uses a cost of capital approach. The allocated capital for these risks is consistent with a 99.5% confidence level over a one year time horizon.

- Risks not factored into the TVOG and PFVP modelling

The following is a list of non-valued risks:

- Default risk;
- Concentration risk;
- Operational risk;
- Catastrophe risk.

- Asymmetrical risks

The asymmetrical nature associated with the sharing of the risk between the insured and the shareholders, depending on the different evolutions of non-financial parameters, generates a cost that must be taken into account when determining the value of the portfolio. The asymmetrical impact of the mortality/longevity/morbidity risk is the result of contracts that include profit sharing clauses containing a component that is based on the technical result.

- Uncertainty

The Embedded Value calculations are based on several "best estimate" assumptions: claims rate, surrender risk, expenses risk. An additional cost, related to the underlying uncertainty inherent in the derivation of such assumptions has been integrated in the value.

4.4 Value of New Business

4.4.1 Definition of New Business

The projections used to estimate the value of New Business are based on the profile and the premiums' volume of the business written during 2010.

- Individual Savings in Euros and Unit-linked

New business is defined as the business generated from the sale of new contracts and in some cases increases to existing contracts during the reported period. Without an assumption of premium recurrence over the periodic premiums, the later payments are considered as unique premiums.

- Individual risk

The New Business volumes include only new policies. Future regular premiums on existing contracts are included in the Value of In-Force.

- Group retirement savings

The New Business volumes of L.441 contracts include new policies and ad-hoc single premium contributions on existing contracts. On the rest of the segment, future regular premiums on existing contracts are included in the Value of In-Force.

- Group risk

As future premiums on existing policies are not valued in the Value of In-Force, New Business volumes are equal to the 2010 accounting premiums.

- Credit life insurance

The New Business only considers new policies. Future regular premiums on existing contracts are included in the Value of In-Force.

4.4.2 Methodology

The approach used to value the New Business is identical to the one used for the valuation of the In-Force. The value of New Business is defined as the present value of projected profits of policies written during the year after deduction of frictional costs of required capital, of the time value of financial options and guarantees and of the cost of residual non-hedgeable risks.

The New Business value is based on the cash-flow projection taken into account from the issue date. The economic assumptions are based on the market conditions existing at 31 December 2010.

In accordance with the "stand alone" methodology used by CNP Assurances, no unrealised gains are allocated to the New Business. The New Business premiums are invested in the new assets available at the valuation date following the acquisition strategy recorded during the year. Therefore there is no sharing of unrealised gains and losses between the In-Force and the New Business.

4.4.3 APE Annual Premium Equivalent

The APE is a sales volume indicator that corresponds to one tenth of the sum of single premiums and flexible premium written during a given year plus the annualized amount of regular premiums written during that same year. Unlike the IFRS revenue, the APE generated through New Business is defined on the basis of the premium written by CNP Group net of reinsurance and coinsurance. Furthermore, the exchange rate corresponds to the rate at 31 December 2010 and not to the average rate used for the definition of the IFRS revenue.

4.5 Sensitivities

The published sensitivities correspond to the sensitivities required by the CFO Forum principles:

- +/- 100 bp change p.a. in the interest rate environment:

This sensitivity corresponds to a parallel shift in the Swap curve 100 bp increase or decrease, which entails:

- revaluation of the market value of bonds;
- 100 bp adjustment of the reinvestment rate of all classes of assets;
- 100 bp movement of the discount rates.

The impact on the initial mathematical provision for unit-linked business is not valued.

- 10% decrease in equity/property capital values:

This sensitivity gives an estimation of the impact on the value of an immediate 10% decrease of equity and property indexes. This shock implies a 10% fall in the market value of equities and property assets, as well as a decrease in the mathematical provisions of unit-linked business by the proportion invested in equity and property.

- 10% proportionate decrease in lapse rates:

This sensitivity measures the impact of a 10% decrease in the total and partial lapse rates

- 10% decrease in maintenance expenses:

This sensitivity enables to make an assessment of the impact of a 10% drop of all expenses: costs associated with acquisition, management, claims and overheads.

- 5% proportionate decrease in base mortality/morbidity rates:

This sensitivity measures the impact of a decrease in the claims rates: incidence rates, loss ratios, disability rates, and mortality rates are reduced proportionately by 5 %. The risks of longevity and the risk of mortality/disability are measured separately.

- 25% increase in swaption implied volatilities and equity/property implied volatilities:

This sensitivity measures the impact of a 25% increase in the volatility of interest rates and equities on the time value of financial options and guarantees.

- Required Capital equal to regulatory solvency margin:

This sensitivity consists in defining a required capital equal to the regulatory solvency margin assuming the proportion of subordinated debt remains constant and measuring the impact on the value.

- Interest rates curve with + 10 bp liquidity premium:

This sensitivity corresponds to a 10 bp increase in the liquidity premium, which entails:

- An adjustment of the reinvestment rate of all classes of assets;
- Movement of the discount rates.

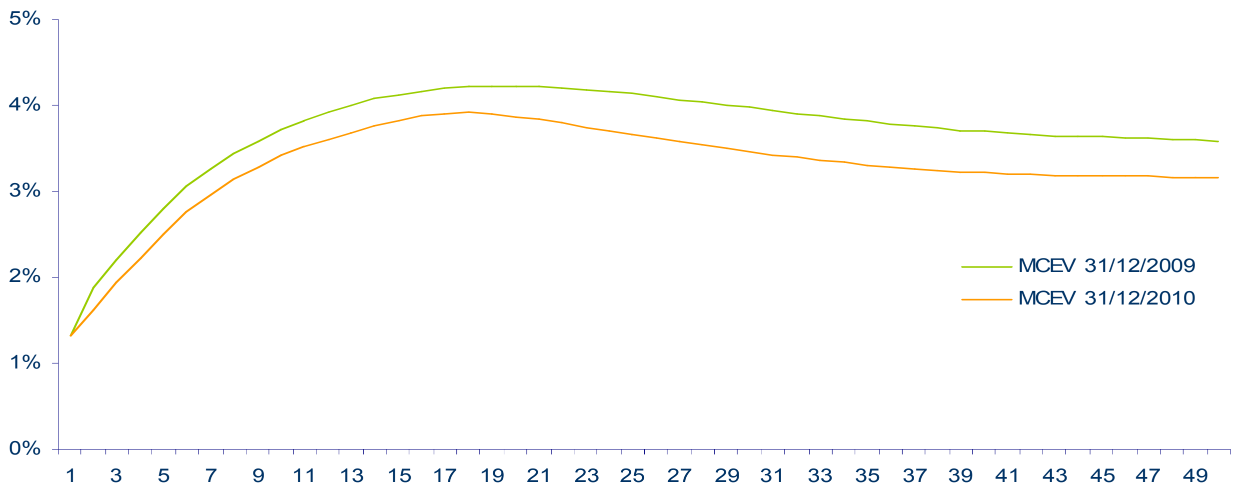
5. Assumptions

5.1 Economic Assumptions

The Embedded Value calculations are based on economic conditions as at 31 December 2010.

5.1.1 Reference interest rate curve

The values used to determine the interest rate curve are taken from the swap curve as provided by Bloomberg at 31 December 2010. After stripping the coupons, the curve was smoothed using the Whittaker-Anderson method.



In compliance with Principle 14 of the MCEV© principles, CNP Assurances includes a liquidity premium in the reference interest rate. The liquidity premium amounts to 55 bp and corresponds to 50% * (Spread of corporate bonds – 40 bp), the spread of corporate bond being determined as the margin in relation with the swap rate of the iBoxx € Corporates index. Only a fraction of this premium (0%, 50% or 75%) is assigned to the various groups of contracts, given the liquidity of underlying liabilities. The following table summarises the liquidity premium selected for each family:

Family	2009	2010
Unit Linked savings	-	-
Individual risk	-	27 bp
Credit insurance	-	27 bp
Group risk	-	27 bp
Euro savings	16 bp	41 bp
Individual Retirement savings	16 bp	41 bp
Group retirement savings	16 bp	41 bp

5.1.2 Calibration of the interest rate model

The volatility parameters used in the HJM model are based on the volatility structure of EUR 1 to 30 year swaptions as at 31 December 2010.

Swaption 20 year maturity	1 year	2 years	5 years	10 years	20 years
MCEV© 31/12/09	21.37%	20.52%	17.35%	15.28%	17.31%
MCEV© 31/12/10	24.00%	21.96%	18.22%	17.52%	21.70%

5.1.3 Calibration of the equities model

A different level of volatility for each projection term between 1 and 10 years was used. This series of parameters was determined on the basis of the implied volatility on ATM call options on the Eurostoxx index as at 31 December 2010.

Maturity	1 year	2 years	5 years	10 years	20 years
MCEV© 31/12/09	24.20%	25.13%	26.28%	28.14%	28.90%
MCEV© 31/12/10	24.15%	24.63%	25.80%	27.38%	27.38%

The correlation coefficient between hazard on interest rate and hazard on equities stands at 6.25% and is based on a historical correlation analysis of these two factors.

5.1.4 Economic Assumptions for Brazil

		2011	2012	2013	2014	2015	2016	2017	Post 2017
MCEV© 09	Discount rate	12.3%	12.5%	12.2%	11.9%	11.6%	11.3%	11.3%	11.3%
	Yield of the assets	9.7%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%
	Inflation	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
	Risk Premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
MCEV© 10	Discount rate	13.5%	13.1%	12.8%	12.0%	12.3%	11.9%	11.6%	11.3%
	Yield of the assets	12.0%	11.0%	10.4%	10.0%	9.7%	9.0%	8.5%	8.0%
	Inflation	5.2%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
	Risk Premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

The €/réal exchange rate fell from 2.5084 on the 31/12/09 to 2.2209 on the 31/12/10.

5.1.5 Economic Assumptions for Italy

The values used to determine the interest rate structure correspond to the Italian Government Bonds yield curve at 31/12/10. No liquidity premium was added to this reference curve.

Reference curve	1 year	2 years	5 years	10 years	20 years
MCEV© 31/12/10	2.51%	2.88%	3.82%	4.70%	5.31%

5.2 Tax rate

The tax rate considered for the calculation of the Embedded Value corresponds to the standard corporate tax rate applied in the countries where CNP Group is present:

Maturity	France	Italy	Brazil	Spain
MCEV© 31/12/09	34.43%	32.4%	40% (1)	30%
MCEV© 31/12/10	34.43%	32.4%	40% (1)	30%

(1) With the exception of Caixa Consorcio, for which the tax rate has been maintained at 34%.

The tax credits observed in France that enable to reduce the standard corporate tax rate are valued elsewhere.

5.3 Cost of capital for residual non-hedgeable risks

The rate applied to the capital related to non-modelled risks and asymmetrical risks is fixed at 5%. The capital required to account for uncertainty related to the establishment of assumptions is subject to the frictional costs of holding that capital.

The average rate applied to the capital was 2.9% on the 31/12/09 and 2.7% on the 31/12/10.

5.4 Non-economic assumptions

5.4.1 Expenses

For each accounting year, CNP Assurances carries out an analysis of costs per destination: acquisition, management, claims, investment costs and other technical and non-technical expenses. The analysis is then considered in terms of the company, in terms of the product group, and in terms of the network. The expenses basis resulting from this analysis has been lowered by 13 M€ for exceptional expenses, as observed in the accounts on the 31/12/10.

Furthermore, there is a 2% inflation rate per annum on unit costs.

No productivity gains were valued, with the exception of BVP Italian entity, for which the projections are based on decreasing unit costs until 2015 in attempt to absorb initial expenses. The business plan from which this assumption has been derived has been approved and validated by the board of the subsidiary. The impact on the VIF is 2.1 M€ and the impact on the VNB amounts to 2.1 M€.

5.4.2 Claims and persistency assumptions

The non-economic assumptions, the experienced mortality and morbidity, the lapse rates and the assumptions relating to claim rates are determined for each entity on the basis of their best estimate at the date of valuation. They stem from the analysis of the current and past experience made for each valued portfolio.

The impact on MCEV© of the increase in the retirement age in France has been taken into account in the same way as in CNP Group consolidated accounts.

6. Milliman's Opinion

Milliman, independent actuarial firm, has reviewed the Embedded Value figures of CNP Group as at 31 December 2010. In the course of our work, we have reviewed the methodology, the assumptions used and the calculations performed internally by the company according to the directives and under the management responsibility. Our review has covered the Embedded Value as at 31 December 2010, the 2010 New Business Value, the analysis of earnings between the Embedded Value as at 31 December 2009 and as at 31 December 2010 and the sensitivities.

Milliman has concluded that the methodology used complies with "The European Insurance CFO Forum Market Consistent Embedded Value Principles" and that the calculations have been made in conformity with this methodology.
CNP Group added a 41 bp liquidity premium in excess of the swap rate to derive the reference rate for Individual Savings in Euros, Individual and Group Retirement Savings; CNP Group also added a 27 bp liquidity premium in excess of the swap rate to derive the reference rate for Individual and Group Risk business and Credit Life Insurance.
The portfolios of CNP Unicredit Vita (Italian subsidiary of CNP Assurances) have been valued using the Italian Government Bonds yield curve.
The calculations performed for the Brazilian subsidiary (Caixa Seguros) have been carried out according to a Traditional Embedded Value approach which allows for the risks through the use of a risk premium.

Moreover, the information disclosed in “CNP Assurances – Embedded Value report 31/12/2010” complies with the current CFO Forum European Embedded Value principles.

In arriving at these conclusions, we have relied on data and information provided by CNP Group without undertaking an exhaustive review of them. We have performed limited high-level checks and reconciliations as well as more detailed analysis on some specific portfolios. We have checked that all the issues brought forward during our review had no material impact at the group level.

The calculation of Embedded Values necessarily relies on numerous assumptions with respect to economic conditions, operating conditions, policyholders’ behaviour, taxes and other matters, most of which are beyond the Company’s control. Although the assumptions used represent estimates which CNP Group and Milliman believe are altogether reasonable, actual future experience may vary from that assumed in the calculation of the Embedded Value results.