REGISTRATION DOCUMENT including the Annual Financial Report 2011

L'assureur de toute une vie

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2011 REGISTRATION DOCUMENT

The following information is incorporated in this Registration Document:

- the Annual Financial Report that all listed companies are required to prepare and publish within four months of their financial year-end, in accordance with Article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and with Article 222-3 of the General Regulation of the French financial markets authority (*Autorité des Marchés Financiers* – AMF); and
- the annual management report of the CNP Assurances Board of Directors, to be presented to shareholders at the Annual General Meeting held to approve the financial statements for each financial year, in accordance with Articles L. 225-100 *et seq.* of the French Commercial Code (*Code de commerce*).

The concordance table below provides cross references to the information provided in the two above-mentioned reports.

This Registration Document was filed with the AMF on 12 April 2012, in accordance with Articles 211-1 to 211-42 of the General Regulations of the AMF. The Registration Document may not be used in connection with a financial transaction unless it is accompanied by an Information Memorandum approved by the AMF.

Translated and adapted from the French *Document de Référence* filed with the AMF. The *Document de Référence* in French is available on request from the Company and can also be downloaded from the CNP Assurances website http://www.cnp.fr. Only the French language version is binding on the Company.

1 PRESENTATION OF CNP ASSURANCES

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1.1. PROFILE

CNP Assurances designs and manages personal insurance products for a customer base spanning 11 countries. The Group's mission is to provide customers with cradle-to-grave insurance protection against the risks of everyday life.

- Founded over 150 years ago
- Present in 11 countries
- €30.9 billion in new money in 2011 (French GAAP)
- €30 billion in premium income in 2011 (IFRS)
- €288.7 billion in technical reserves at 31 December 2011 (including deferred compensation)
- No. 1 personal insurer in France
- 23 million policyholders of savings/personal risk products worldwide and 17 million under term creditor insurance contracts
- Over 4,800 employees worldwide

1.2. PROVIDING INSURANCE FOR OVER 150 YEARS

For more than 150 years, CNP Assurances has been dedicated to helping policyholders to protect their future and that of their families at a reasonable cost.

Thanks to this longstanding experience, CNP Assurances is ideally placed to track economic and social changes and offer appropriate solutions to customers.

As a general rule, as economies become more developed, people become more risk-averse, while longer life expectancy leads to greater needs in retirement. There is only so much that families can do to meet these needs and state pension schemes can provide only partial coverage. Insurance policies represent a complementary measure to enable policyholders to secure their own future and that of their dependents.

The personal insurer's business is to meet these needs by leveraging several inter-locking competencies. By assessing and pooling risks among groups of insured persons with similar characteristics and securing guarantees both administratively and financially, CNP Assurances attenuates the financial and day-to-day impact of adverse life events.

In keeping with the strong public-service roots of its main shareholders and distribution partners, CNP Assurances fulfils its social responsibility as an insurer by establishing a relationship of trust with all stakeholders and helping to combat financial and social exclusion.

KEY DATES IN THE HISTORY OF CNP ASSURANCES

1850	Creation within Caisse des Dépôts of Caisse Nationale de retraite pour la vieillesse (CNRV), France's first retirement fund.
1868	Creation of Caisse Nationale d'Assurances en cas d'Accident (CNAA), an accident insurance fund, and of Caisse Nationale d'Assurances en cas de Décès (CNAD), a death benefit fund.
1959	Creation of Caisse Nationale de Prévoyance (CNP), a state institution combining the three above-mentioned funds within Caisse des Dépôts.
1960	Launch of the first mutual fund-backed individual insurance policies with La Poste (the French Post Office) and the French Treasury.
1988	Creation of Ecureuil Vie with the Caisses d'Epargne savings banks.
1992	CNP becomes CNP Assurances, a *société anonyme* (public limited company) governed by the Insurance Code (*Code des assurances*).
1995	Creation of Compañia de Seguros de Vida in Argentina.
1998	Stock market flotation. Signing of the CNP Assurances shareholders' agreement.
1999	Assumption of control over Global SA and Global Vida SA in Portugal.
2001	Assumption of control over CAIXA Seguros in Brazil. Creation of Filassistance International in conjunction with Azur-GMF, dedicated to the provision of local services.
2003	Signing of a partnership agreement with Mutualité Française covering the period up to 2013.
2005	Establishment in Italy through the acquisition of a 57.5% stake in Fineco Vita, which became Capitalia Vita in 2006, then CNP UniCredit Vita in 2008.
2006	Extension of the shareholders' agreement with La Poste, Groupe Caisse d'Epargne, Caisse des Dépôts and the French State until the beginning of 2016. Establishment in Spain through the acquisition of a 94% stake in Skandia Vida, renamed CNP Vida.
2007	Purchase by CNP Assurances of the 49.9% stake in Ecureuil Vie held by Groupe Caisse d'Epargne.
2008	Establishment in Cyprus and in Greece through the acquisition of a 50.1% stake in Marfin Insurance Holdings.
2009	Signing in June of a long-term (25-year), exclusive partnership agreement with Barclays, which was strengthened by the creation in September of a joint venture called Barclays Vida y Pensiones Compañia de Seguros (BVP) to distribute a full range of life insurance and pension products in Spain, Portugal and Italy.
2010	In June, CNP Assurances and mutual insurer Mutuelle Nationale Territoriale (MNT) agree to renew their partnership through to 31 December 2017. In August, CNP Assurances takes a controlling interest in MFPrévoyance SA and strengthens its ties with public sector mutual insurers.
2011	On 12 July 2011, a public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts laid the foundations for a long-term partnership with GDF SUEZ in natural gas transportation in France and the rest of Europe. The partnership is based on the acquisition of a 25% non-controlling interest in GRTgaz for an amount of €1.1 billion.

1.3. PRESENTATION OF BUSINESSES AND STRATEGY

CNP Assurances designs, develops, distributes and manages savings, pension and personal risk products. The corporate mission is to offer customers cradle-to-grave insurance protection, in keeping with the Group's proud heritage and deeply-held values.

In a constantly changing economic and social environment, personal insurance needs are wide-ranging and are steadily increasing. CNP Assurances responds to these needs by regularly adapting the products and services offered.

Providing solutions across the needs spectrum

One distinguishing feature of CNP Assurances is that the Group works closely with each distribution partner to develop offers geared to the profiles of their respective customer bases in terms of age, risk appetite and income. The wide-ranging challenges encompass helping working people to prepare for retirement, estate planning for retirees and solutions for long-term care insurance. Whatever the need, CNP Assurances can offer comprehensive, innovative solutions to its millions of policyholders around the world thanks to its expertise in insuring the various types of risk.

The Group's offers are designed to provide insurance solutions for all budgets. Each product range includes affordable products for customers in all income brackets, thanks to very low minimum premiums.

A key development for the Group's term creditor insurance offer in 2011 was implementation of the new Aeras guarantee. Negotiations were held in 2010 between the public sector, patients' associations and the banking and insurance sector, culminating in a revised Aeras convention[(1)] which was signed in February 2011.

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

Today, the Group remains fully committed to the effective implementation of this convention. Whenever possible, CNP Assurances provides coverage in excess of the minimum stipulated in the convention for a maximum number of policyholders without increasing premiums or limiting guarantees. In both 2010 and 2011, the Group accepted more than 99.8% of applicants.

CNP Assurances' constant concern is to provide long-term security for policyholders. In the sphere of life insurance, the Group aims to optimise and smooth yields over time to secure its traditional savings commitments in full. In the sphere of annuity contracts, the social added value for an insurer like CNP Assurances is to be guarantee steady, increasing payments.

(1) The first Aeras convention, which dates from 1 January 2007 and is intended to give people representing an aggravated health risk greater access to insurance and lending, underwent a complete overhaul.

The Aeras disability guarantee applies when there is professional functional disability of 70%. The possibility of offering the Aeras guarantee is studied when a person is refused or partially excluded from the professional disability guarantee in the standard policy.

Strategy based on long-term partnerships

To make insurance easy to buy, CNP Assurances distributes its products in France and internationally under long-term distribution agreements with partners which have a strong presence in their local markets.

INDIVIDUAL INSURANCE: LEVERAGING THE STRENGTH OF BANKING NETWORKS

For more than a century now, CNP Assurances has focused on bancassurance, that is to say, the sale of insurance products through banking networks. In France, CNP Assurances' individual insurance products are marketed by the networks of the Group's two longstanding partners, La Banque Postale and the Caisses d'Epargne savings banks, which are also shareholders of CNP Assurances (La Banque Postale and BPCE Group jointly hold a 35.5% stake in CNP Assurances). Together, the two networks represent more than 21,000 full- and limited-service outlets in France and account for 63.3% of CNP Assurances' 2011 premium income (IFRS). In 2006, the distribution agreements with the two partner networks were renewed until end-2015, together with the shareholders' agreement.

Since 2004, CNP Assurances has also had a proprietary sales force, CNP Trésor, which comprises 300 advisors at the service of policyholders who initially purchased their policy through the French Treasury. Individual insurance products are also marketed by independent financial advisors.

GROUP INSURANCE: LONGSTANDING EXPERIENCE

Group insurance provides cover for a group of people through a legal entity (such as a company or a not-for-profit organisation) or a business owner, under a single policy. CNP Assurances' group insurance products include pension and employee benefits contracts sold to over 300 financial institutions, 20,000 local governments and hospitals, 4,600 companies and numerous not-for-profit organisations.

Employee savings products are sold through the Fongépar subsidiary. CNP Assurances is also a longstanding partner of France's mutual insurance sector, notably thanks to the partnership agreement signed with Fédération nationale de la mutualité française in 2003. In 2010, this historical partnership was bolstered when CNP Assurances and MFP Services, representing key public sector mutual insurers, joined forces in a major structural partnership, with CNP Assurances acquiring a stake in MFPrévoyance SA.

The Group also places its recognised expertise in term creditor insurance at the service of banking and financial institutions and their customers. At present, CNP Assurances is the leading provider of term creditor insurance in France, with over one-third of the market (Source XERFI, *Marché de l'assurance emprunteurs*, April 2010). In 2011, group insurance policies generated nearly 22% of CNP Assurances' premium income.

AN ENLARGED INTERNATIONAL FOOTPRINT

Since establishing its first foreign operation in 1995, CNP Assurances has founded its international expansion on the business model that has proved its worth in France.

The expansion strategy consists of forging strategic partnerships (in the form of acquisitions or greenfield operations) with local banks with one or more distribution networks, generally of a banking nature, in order to gain a foothold in attractive, high potential markets for personal insurance products.

CNP Assurances also operates under EU freedom of services legislation in Romania and has two branches specialising in term creditor insurance, one in Italy and the other in Spain. The Group is present in Southern Europe (mainly in Italy and Spain, as well as in Greece and Cyprus since 2009) and South America (Brazil and Argentina) and now generates 20% of total premium income outside France.

A responsible insurer

Trust is truly a bedrock issue for CNP Assurances, whose added value consists of providing the assurance of a more secure future. While important for any financial institution, trust is even more critical for a personal insurer that makes very long-term commitments to policyholders and carries them in its balance sheet.

At CNP Assurances, trust is built on three pillars: high ethical standards, effective policy design and administration, and financial management finely calibrated between security and performance.

The highest ethical standards are applied in every aspect of the business. Woven into the design of offers tailored to customers' needs, these standards also inform the training given to the distribution network and influence the information provided to policyholders throughout the life of the policy. They are clearly expressed in the Group's commitments as a member of the insurance industry and in the employee code of conduct, which applies in particular to asset managers and to the teams in charge of processing confidential information, such as medical data or the names of policy beneficiaries. These standards are further backed by an extensive internal control process and anti-money laundering procedures.

Effective policy design and administration is also essential. Life insurance policies are complex financial products governed by strict legal and tax rules. They are also very long-term, covering an average period of around ten years, but sometimes remaining in force for 50 years or more. Another layer of complexity comes from the fact that the insurer deals not just with the customer, but rather with three or more counterparties – the policyholder, the insured (who may not be the policyholder) and the beneficiary or beneficiaries (who may not be the insured). In addition, every policy is made to measure, with the insurer committing to comply with the insured's wishes and to treat such wishes as strictly confidential until the termination of the contract.

The Group's longstanding expertise and the size of its insurance book stand it in good stead when designing and pricing insurance cover. In France, where CNP Assurances is the leading personal insurer, detailed risk data are translated into loss tables which are certified and revised at regular intervals.

In keeping with its business model, the Group has used leading-edge technologies to develop unique expertise in combining personalised service with industrial efficiency (15.1 million individual contracts managed in France).

CNP Assurances' high-quality financial management has nurtured a strong base of trust and the expertise and diligence of the Group's teams are widely recognised. This is a particularly important issue in traditional savings products, which offer policyholders a capital guarantee plus a capitalised annual yield. For such products, financial management techniques need to accommodate long-term security (given that policyholders generally have the right to surrender their contracts at any time), performance (to meet policyholders' expectation of a competitive annual rate of return in relation to market interest rates) and regular increases in the capital sum.

Effective financial management is also essential in the Pensions business, since investment performance is anticipated to some extent in the valuation rate of interest applied to benefits, and in the Personal Risk business, where it helps to optimise premium rates.

Because of the specific features of insurance business, CNP Assurances' approach to financial management is different from that of a fund manager or a bank. It is also very different from that of a pension fund, which generally knows when liabilities will fall due. The Group pursues a responsible financial strategy, characterised by stable strategic asset allocation, very long investment horizons, and selection and management processes that take account of social, environmental and governance issues.

To enable policyholders to contribute in their own way to sustainable development, CNP Assurances encourages customers to invest in socially responsible investment (SRI) products.

CNP Assurances' corporate social responsibility strategy also includes observance of the rights and duties attached to the assets held. With €288.7 billion of technical reserves at end-2011 (including deferred participation), the Group plays a major role in financing the European economy, purchasing both government and corporate paper.

Sustainable development at the heart of the corporate strategy

CNP Assurances pursues a socially responsible policy with regard to all stakeholders – policyholders, distribution partners, shareholders, employees, suppliers and financial investment counterparties – and conducts its business in a spirit of social and environmental stewardship.

CNP Assurances recognises that sustainable growth cannot be achieved without due regard for the social and environmental impacts of all economic activity. This awareness shapes all of the Group's actions, which are anchored in the values of responsibility, partnership, sharing and solidarity. CNP Assurances acts for the good of its policyholders by combating financial exclusion through the provision of affordable products for the lowest income brackets. The Group is also a pioneer in the sphere of term creditor insurance for persons representing an aggravated health risk. Relations with partners are based on mutual respect and a long-term perspective. The Group is also committed to being an exemplary employer, with a pro-active Human Resources policy that emphasises career development and internal mobility. The promotion of equality in the workplace – gender equality, and the employment of young persons, seniors, minorities and disabled persons – is a key focus of the Human Resources policy. The Group's efforts in this sphere were recognised as far back as in January 2009 by the award of the Diversity Label to CNP Assurances.

This Diversity Label was launched at the end of 2008 by the French National Association of Human Resources Directors. This Label certifies that recipient companies have put in place the means to fight against the exclusion of talent in the Human Resources management process, from recruitment to termination, including also career development. It is the French Standards Association ("AFNOR") which registers the candidacy. This organisation opens a file and conducts an audit, before giving its recommendation on the awarding of the Label. Company actions must conform to a very specific set of specifications. The recommendation is then reviewed by a multiparty commission. The certification is valid for three years.

In 2003, the Group signed up to the United Nations Global Compact, which urges businesses to adopt and support ten fundamental principles in the areas of human rights, labour standards, the elimination of discrimination, anti-corruption, anti-money laundering and responsible employment practices. CNP Assurances acts in favour of the community at large by vigorously supporting the economy and by providing sponsoring in the spheres of health and solidarity. This commitment to the good of mankind goes hand in hand with resolute action in favour of environmental protection. CNP Assurances participated from the outset in the European Carbon Fund, which aims to reduce greenhouse gas emissions in accordance with the Kyoto Protocol. At end-2007, the Group introduced the CNP Développement Durable fund of funds, which is partially invested in the renewable energy and water management sectors. Other measures taken include the reduction of electricity, paper and water consumption at all premises, the introduction of a waste-sorting system and the optimisation of transport usage. The approach adopted requires the approval of the Board of Directors, which is responsible for setting targets in each area identified for improvement.

In September 2011, CNP Assurances took its commitment to social responsibility to a new level by adhering to the UN's Principles for Responsible Investment. As a signatory, the Group is committed in particular to incorporating environmental, social and corporate governance (ESG) issues into investment analysis and asset management processes. This approach already covers nearly two thirds of total assets under management, with appropriate adjustments to reflect each class of business.

Social corporate citizenship and environmental information is presented in section 3.5.

1.4. CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND EXECUTIVE MANAGEMENT AT 31 DECEMBER 2011

Board of Directors

DIRECTORS

Edmond Alphandéry*, Chairman

Gilles Benoist, Chief Executive Officer

Caisse des dépôts et consignations, represented by Augustin de Romanet**

Antoine Gosset-Grainville

Pierre Hériaud

André Laurent Michelson

Alain Quinet

Franck Silvent

Sopassure, represented by Marc-André Feffer

Jean-Paul Bailly

Olivier Klein

François Pérol

Philippe Wahl

French State, represented by Ramon Fernandez

Philippe Baumlin

Henri Proglio*

Marcia Campbell*

Stéphane Pallez*

NON-VOTING DIRECTORS

Pierre Garcin

Jean-Louis de Mourgues

Jacques Hornez

WORKS COUNCIL REPRESENTATIVES

Nadia Remadna

Pascal Oliveau

Valérie Baron-Loison

Patrick Berthelot

SECRETARY TO THE BOARD OF DIRECTORS

Hugues de Vauplane

STATUTORY AUDITORS

PricewaterhouseCoopers Audit, represented by Eric Dupont

Mazars, represented by Jean-Claude Pauly

Special Board Committees

AUDIT AND RISK COMMITTEE

Stéphane Pallez*, Chairman

Olivier Klein

Franck Silvent

Philippe Wahl

Marcia Campbell*

REMUNERATION AND NOMINATIONS COMMITTEE

Henri Proglio*, Chairman

Edmond Alphandéry*

Jean-Paul Bailly

François Pérol

Augustin de Romanet**

STRATEGY COMMITTEE

Edmond Alphandéry*, Chairman

Marc-André Feffer

Olivier Klein

Henri Proglio*

Antoine Gosset-Grainville

Augustin de Romanet**

Executive Management

Gilles Benoist, Chief Executive Officer

DEPUTY CHIEF EXECUTIVE OFFICERS

Xavier Larnaudie-Eiffel, Head of International Operations

Antoine Lissowski, Finance Director

Gérard Ménéroud, Head of Business Development and Partnerships

* *Independent director according to the criteria in the AFEP-MEDEF Corporate Governance Code.*

** *Whose term of office ended on 8 March 2012.*

1.5. SELECTED FINANCIAL AND SOCIALLY RESPONSIBLE INVESTMENT INFORMATION

Key corporate social responsibility figures

A RESPONSIBLE EMPLOYER

Headcount: 4,844

CNP Assurances: 3,077

Consolidated French and international subsidiaries: 1,649

Other non-consolidated subsidiaries (Filassistance, Age d'Or, Sino French Life Insurance China): 118

Percentage of employees with permanent employment contracts: 98.2%

Training (CNP Assurances and consolidated international subsidiaries): 4% of payroll

PROTECTING THE ENVIRONMENT

The carbon footprint, which measured 22,000 tonnes of CO_2 equivalent in 2009, was down 2% on a like-for-like basis in 2011. From 2009 to 2001, the carbon footprint per employee decreased by 7%, including on-site service providers

In 2011, CNP Assurances' forestry assets captured and stored 172,219 tonnes of CO_2

A RESPONSIBLE INVESTMENT STRATEGY

Percentage of CNP Assurances assets managed that integrate environmental, social and governance criteria: 80% as of the beginning of 2012

Mutual fund units deemed to be socially responsible investments or that include social or environmental criteria: €1.5 billion

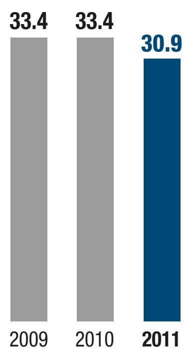
Number of CNP Assurances unit-linked contracts deemed to be socially responsible investments: 82,000 (5% lower than in 2010)

Key figures

(Source: CNP Assurances 2011 annual results)

TOTAL NEW MONEY*

(French GAAP, in € billions)



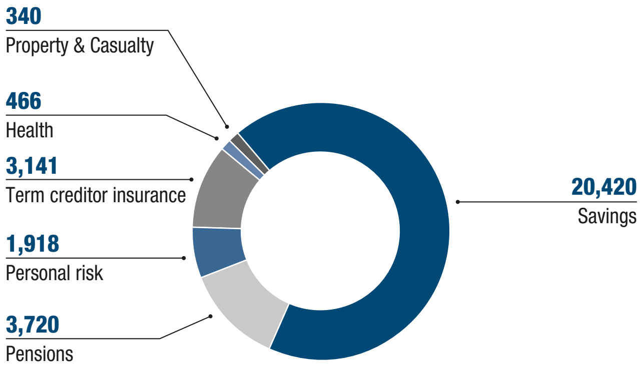
TOTAL PREMIUM INCOME*

(IFRS, in € billions) year ended 31 December 2011

* *See definition in Note 3.19 to the consolidated financial statements.*

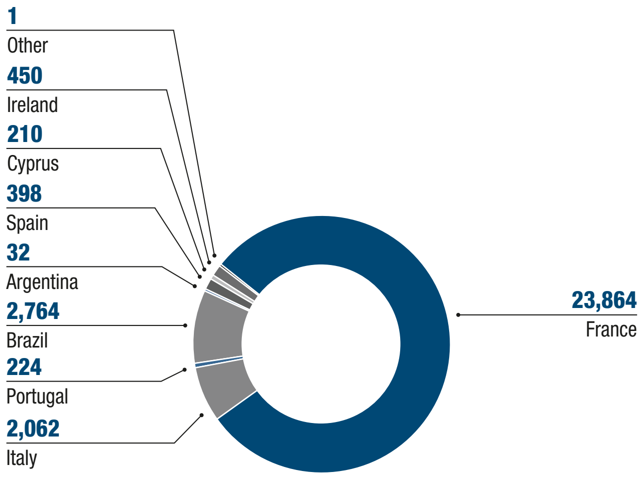
PREMIUM INCOME BY BUSINESS SEGMENT

(IFRS, in € millions) year ended 31 December 2011



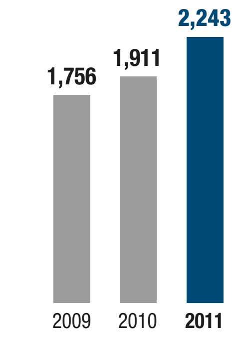
PREMIUM INCOME BY COUNTRY

(IFRS, in € millions) year ended 31 December 2011



EBIT*

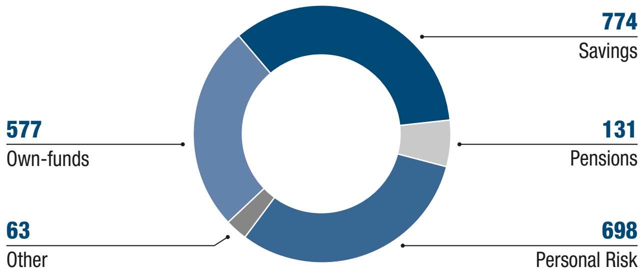
(in € millions)



* See definition in Note 3.19 to the consolidated financial statements. See notes 6.3 and 6.4 to the consolidated financial statements for the reconciliation with operating profit.

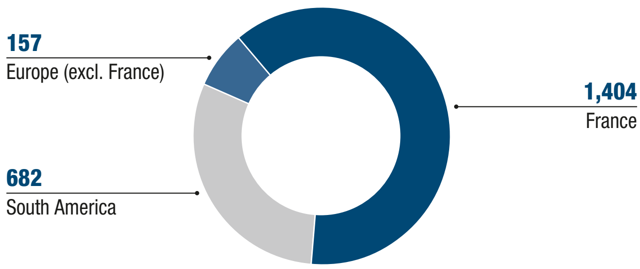
EBIT BY BUSINESS SEGMENT

(in € millions) year ended 31 December 2011



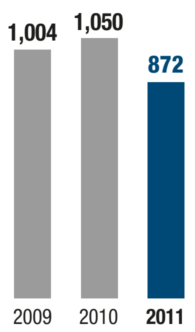
EBIT BY GEOGRAPHIC AREA

(in € millions) year ended 31 December 2011



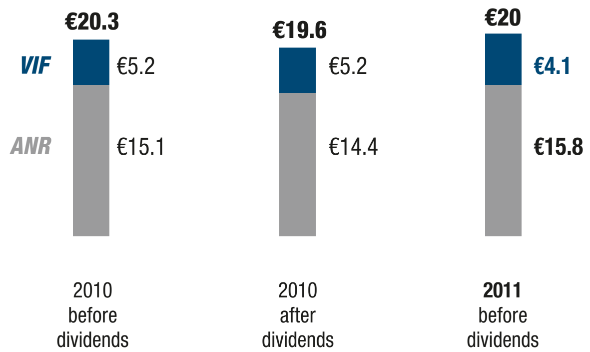
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

(in € millions)



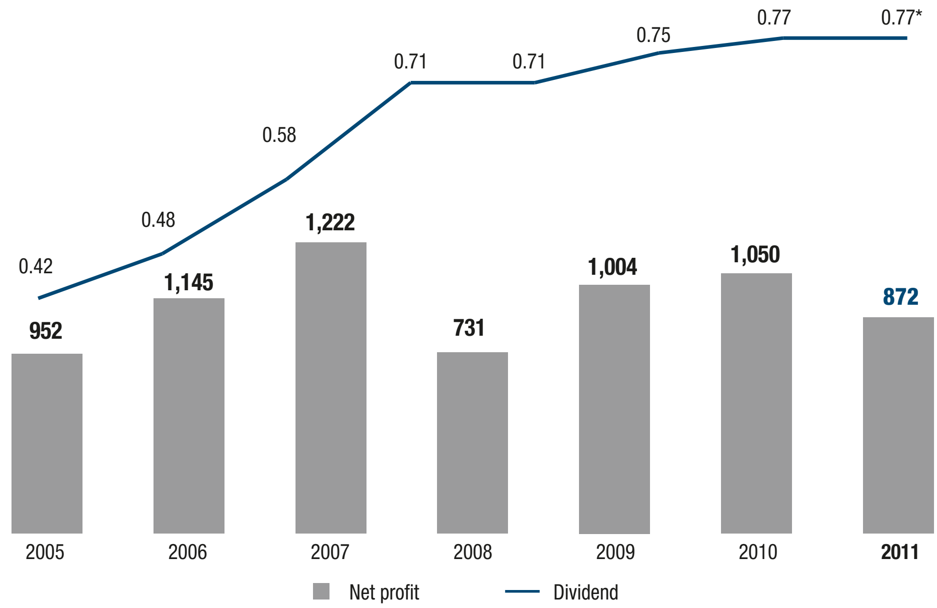
MARKET CONSISTENT EMBEDDED VALUE

(in € per share)



NET PROFIT AND DIVIDEND HISTORY

(in € per share)



* Dividend to be recommended at the Annual General Meeting in 2012, with the option of payment in shares.

RATINGS

(Source: Standard & Poor's press release – 27 January 2012)

Standard & Poor's – Financial Strength Rating	A+; outlook negative
Standard & Poor's – Counterparty Credit Rating	A+; outlook negative

2 CORPORATE GOVERNANCE AND INTERNAL CONTROL

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2.1. REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS OF CNP ASSURANCES

2011

Annual General Meeting of 29 June 2012*

To the Shareholders,

In addition to the Annual Report of the Board of Directors, I am required, as Chairman, and in accordance with Article L. 225-37 of the French Commercial Code (*Code de commerce*) to report to the shareholders on the composition of the Board, the preparation and organisation of its work in 2011 as well as the internal control and risk management procedures in place within the Company.

This report, which I have prepared on the basis of in-depth discussions held with the Chief Executive Officer and the Deputy Chief Executive Officers, has been enhanced following interviews that I conducted with the Company Secretary, management leaders responsible for cross-company controls as well as the principal heads of management or operating departments. It was these managers who provided me with their written answers to a list of questions I had addressed to them individually.

This report was presented to the Audit and Risk Committee and approved by the Board of Directors on 21 February 2012. This document is a continuation of those I have presented in the past years. The first part deals with the functioning of the Board of Directors; the second part is devoted to internal control procedures and risk management.

1 COMPOSITION OF THE BOARD, PREPARATION AND ORGANISATION OF ITS WORK

In April 2010, AFEP and MEDEF published their revised Code of corporate governance for listed companies(1). This Code, whose application is the subject of an Annual Report to measure its degree of application, is the reference code on which CNP Assurances relies for developing its governance practices.

A) COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of CNP Assurances comprises 18 directors with voting rights, who deliberate together with three non-voting directors and four Works Council representatives.

In July 2007, the Company chose to separate the role of Chairman of the Board of Directors from that of Chief Executive Officer to ensure a clear distinction between the strategic, decision-making and supervisory roles that belong to the Board's sphere of expertise and the operating and executive functions that are the responsibility of the Executive Management.

The main feature of the corporate governance of CNP Assurances, in addition to the presence of the State among the Company's directors, lies in the existence of a shareholders' agreement which organises, in particular, the composition of the Board of Directors of CNP Assurances and the balance of interests of the Company's shareholders.

The composition of the Board therefore reflects, since the Company's IPO in 1998, the capital structure of CNP Assurances which comprises two majority shareholders, namely the Caisse des dépôts et consignations and the holding company Sopassure (including the indirect holdings of La Banque Postale and BPCE).

Thus, throughout the term of the agreement whose expiry date is 31 December 2015, the Board members are appointed by the Annual General Meeting upon recommendation by the core shareholders of the Company and according to the following:

- six directors, upon recommendation by Caisse des dépôts et consignations;
- five directors, upon recommendation by the holding company Sopassure;
- one director representing the State;
- one employee shareholder representative;
- four "independent qualified persons"(2).

* *The Annual General meeting initially scheduled for 7 June 2012 was postponed until 29 June 2012 by a decision of the 23 March 2012 Board of Directors' meeting.*

(1) *The revised AFEP-MEDEF Code on corporate governance for listed companies is available in French on the website: www.medef.fr.*

(2) *Edmond Alphandéry, Henri Proglio, Stéphane Pallez, Marcia Campbell.*

Lastly, those shareholders who were signatories of the agreement reserve the right to jointly propose the appointment of an eighteenth member, which is what happened when the change in governance took place in July 2007: the current Chief Executive Officer, Gilles Benoist was appointed as a director at that time.

The breakdown of directors' seats as set out in the agreement must be adhered to when the new Chief Executive Officer is appointed, which is due to take place following the decision of the Board of Directors meeting which will be convened at the end of the Annual General Meeting called in 2012 to approve the financial statements for the year ended 31 December 2011.

The existence of this agreement between the core shareholders guarantees a similar composition of the Board of Directors, whose members' term of office, with the exception of one of them[(1)], will expire at the end of the Annual General Meeting of 29 June 2012.

Given these specific regulations that apply to CNP Assurances, the Board of Directors is made up of a smaller proportion of independent directors than the one third recommended by the AFEP-MEDEF Code. The relatively high proportion of directors representing the Company's two main shareholders takes into account the fact that these two groups, which together hold 75.4% of the capital, have been the reference shareholders of the Company since 1998. These directors cannot therefore be qualified as independent within the meaning of the AFEP-MEDEF Code.

Furthermore, the term of office for directors of CNP Assurances also deviates from that of the four years recommended in the AFEP-MEDEF Code. The Board nevertheless considers that the five-year term provided for in the Company's Articles of Association is more appropriate as it is more in line with the nature of the Company's activities and corresponds to the production cycle of the products it markets.

B) WORKINGS OF THE BOARD OF DIRECTORS

In addition to legislative provisions, the articles of association and the provisions of the shareholders' agreement binding the Company's majority shareholders, the Board of Directors has drawn up internal rules that govern the practical functioning procedures of the Board and those of special committees created within it. This document is available on the Company's website[(2)].

1. Activities of the Board of Directors

In 2011, the Board of Directors met eight times, each meeting lasted on average two-and-a-half hours. The discussions and decisions of the Board are formalised in the minutes which are prepared after each meeting. Active participation of the directors has been observed throughout the year, with an average attendance rate of above 70%, thus demonstrating the directors' involvement, as set forth in the Board of Directors' internal rules.

I would point out that this commitment is also apparent by the holding of a minimum of 200 Company shares, the minimum having been increased to 400 shares for the Chairman of the Board of Directors[(3)].

At each meeting, the Chief Executive Officer informs the Board about the day-to-day management and any significant events affecting the smooth running of the Company. The Board is regularly provided with a detailed analysis of the results of the Company and its subsidiaries, in particular, via the annual and interim financial statements and the presentation of quarterly indicators. Detailed reports presented by the heads of operating departments on the progress of commercial, financial and operational issues used for the purpose of monitoring the Group's strategy and understanding its activities and its prospects complement the Board's information.

In order to perform its management and control duties more effectively, the Board of Directors receives advice from its three special committees: the Audit and Risk Committee, the Remuneration and Nominations Committee and the Strategy Committee.

Regulations governing the insurance industry are gradually being adapted to incorporate this new understanding of risks. After Solvency I which aimed for a fixed solvency margin on the basis of percentages on mathematical provisions and capital at risk, insurance regulations (Solvency II) are moving on to more complex rules which incorporate these operational risks, either by applying a standard formula or by using an internal model.

Preparation for the changeover to Solvency II standards on 1 January 2014 is regularly monitored by the Board of Directors. This is why the Board specifically asked for a comprehensive study to be carried out on the impacts of Solvency II on asset allocation and risk management. This study was presented to the Board of Directors on 28 July 2011.

Furthermore, in accordance with the decision I informed you about in my report last year, in 2011 the Board of Directors continued its study on the foreseeable consequences for the Company of the major risks associated with the financial crisis and on the impact of the macroeconomic scenarios on the savings business. The Board meeting held on 6 May 2011 was yet again able to see the undeniable contribution that these studies made in its deliberations and discussions.

(1) François Pérol, whose term of office expires at the end of the Annual General Meeting to approve the accounts for the financial year ending 31 December 2013, was appointed directly by the AGM of 21 April 2009.

(2) The internal rules of the Board of Directors can be consulted in the "governance" section of the Company's website: www.cnp-finances.fr.

(3) This internal rule applies to all natural persons, including the representatives of legal persons, with the exception of the State representative, whose status is incompatible with such a measure.

2. Board committees in 2011

a. Remuneration and Nominations Committee

Composition and functioning of the Remuneration and Nominations Committee

The composition of this special committee, set up in 1993 and restructured following deliberations of the Board of Directors on 10 July 2007, given the particular nature of the agreement defining the balance of relations between the two majority shareholders, deviates from the provisions of the AFEP-MEDEF Code. This particular composition is linked to the specific structure of the historical shareholding of CNP Assurances.

The committee is made up of its Chairman, an independent member, Henri Proglio; the Chief Executive Officer of Caisse des Dépôts, Augustin de Romanet[(1)]; the Chairman of La Poste, Jean-Paul Bailly; the Chairman of the Executive Board of BPCE, François Pérol – both of whom are Sopassure directors – and myself, Chairman of the Board of Directors of CNP Assurances.

The three directors who are members of this committee and who represent the reference shareholders on the Board of Directors cannot be construed as qualifying as "independent", based on the criteria adopted by the AFEP-MEDEF Code. The composition of the committee with a majority of independent directors, as recommended by this code is therefore not consistent with our Company's practice. Pursuant to Article L. 225-37 of the French Commercial Code, it is my duty to mention this element of divergence from the AFEP-MEDEF Code.

Furthermore, the presence of the Chairman of the Board of Directors as a member of the committee appeared sensible given that, as the key representative of the Executive Management, he is able to inform committee members about the management of the Company's business.

The Board of Directors which nominated the committee members did however consider that current operating conditions enable both the committee and the Board to fulfil their respective missions effectively, objectively and impartially, a prerequisite for taking into account the interests of all the Company's shareholders equitably.

Expertise of the Remuneration and Nominations Committee

As regards nominations, the committee has the power to make recommendations to the Board of Directors concerning the appointment of directors and that of the Chief Executive Officer.

In addition, as set out in the deliberations of the committee on 10 July 2007, the committee can, where necessary, also propose to the Board of Directors restrictions on the powers of the Chief Executive Officer.

As regards to remuneration, the committee makes recommendations to the Board for setting the remuneration for the Chairman of the Board of Directors as well as the total individual remuneration for the Chief Executive Officer.

Activities of the Remuneration and Nominations Committee

The Remuneration and Nominations Committee met twice in 2011 for approximately one-and-a-half hours, with all its members present.

In order to meet the commitment I made at the Annual General Meeting of 25 May 2010, the committee has studied and selected, with the support of an external consultancy firm, the application of two women to sit on the Board of Directors.

The committee then recommended to the Board of Directors the appointment of:

- Stéphane Pallez to take up a position as director, serving as Chair of the Audit and Risk Committee;
- Marcia Campbell, for appointment as a director and member of the Audit and Risk Committee.

Within the framework of its duties, the committee also proposed to the Board of Directors not to go ahead with any modification to the whole remuneration package for the Chief Executive Officer and it approved the individual and collective objectives for 2011 underlying this remuneration. Hence, the committee presented the Board with a list of individual objectives determined according to the Company's major strategic guidelines and proposed maintaining the three existing criteria as the collective objectives, namely: growth in net recurring income; productivity gains; and changes in Embedded Value.

The Remuneration and Nomination Committee, having acknowledged the wish of the Chairman of the Board of Directors not to receive an increase in his remuneration, proposed to the Board that no change be made in 2011 to the Chairman of the Board of Directors' fixed remuneration (excluding directors' fees) which has remained unchanged since 2008.

At the end of the year, the members of the Remuneration and Nominations Committee also discussed the issue of the replacement of the Chief Executive Officer, Gilles Benoist, who passed the age limit of 65 years stipulated in the Articles of Association for exercising this management function.

b. The Audit and Risk Committee

Composition and expertise of the Audit and Risk Committee

In 2011, the Audit and Risk Committee met nine times (including one joint meeting with the Strategy Committee), with meetings lasting approximately three hours on average.

Member attendance exceeded 90%. The committee is comprised of five members, two of whom are deemed independent: its Chair, Stéphane Pallez as well as Marcia Campbell; three other members make up this committee: Philippe Wahl, Franck Silvent and Olivier Klein.

(1) *Augustin de Romanet's duties as Chief Executive Officer of Caisse des Dépôts ended as of 8 March 2012.*

Activities of the Audit and Risk Committee

The committee examined the following main issues in 2011:

- CNP Assurances' exposure to the sovereign and financial debts of vulnerable European countries (Portugal, Italy, Ireland, Greece and Spain);
- financial statements for 2010, interim financial statements for the six months ended 30 June 2011 and 2011 quarterly indicators;
- administrative costs – actual figures for 2011 – budget for 2012;
- report by the Risk Management & Compliance department;
- report by the Internal Audit department and programme for 2012;
- study of the impacts of Solvency II on asset allocation and risk management.

The committee interviewed the persons responsible for preparing the financial statements of the Company and the Group, and also met with the Statutory Auditors without any members of management being present.

c. *The Strategy Committee*

Composition and expertise of the Strategy Committee

The Strategy Committee met three times in 2011, each meeting lasting two hours on average. It is tasked with preparing and organising all aspects of the Board of Directors' work in setting and monitoring the Company's and the Group's strategic guidelines.

The average attendance rate for the meeting of this committee is 80%. The members of this committee are, in addition to myself as Chairman of the committee, Augustin de Romanet[(1)], Antoine Gosset-Grainville, Marc-André Feffer, Olivier Klein and Henri Proglio.

Through its analyses, this committee provides insight on CNP Assurances' strategic growth initiatives in France and abroad, by studying development projects, opportunities for asset acquisition or transfer, investment or subsidiary projects, and by monitoring the implementation and progress of the Group's major operations.

Activities of the Strategy Committee

Given the significant drop in the life insurance market since the beginning of 2011, the Strategy Committee met on 8 June 2011 to focus on the business's commercial prospects. The committee's deliberations identified areas on which the Company could build its business trajectory, both in France and internationally.

On 23 September 2011, given the particularly worrying international financial situation at that time, with a marked fall in share markets and serious concern about sovereign debts, the Strategy Committee asked to be given a presentation on the situation of the asset portfolio. This enabled the members to assess the resilience of CNP Assurances to any potential crises.

In addition to this point of scrutiny and given the amount of technical reserves employed in generating the business result, the committee continued to monitor the progress and focus of the Company's various strategic projects for the 2010-2014 period.

Lastly, on 23 November 2011, the committee had to examine concrete proposals from the Executive Management aimed at maintaining the level of the Company's own-funds and improving the indicators taken into account by the specialised rating agencies.

2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The second part of this report describes the main elements of the risk management and internal control system of CNP Assurances and its consolidated subsidiaries (hereinafter "the Group"). It is not intended to describe in detail all the procedures and mechanisms for risk management and internal control undertaken within the Group. It has been compiled, as mentioned earlier, from interviews that were conducted with the heads of the various departments within CNP Assurances and from written input, as indicated in the report's introduction.

CNP Assurances has decided to rely on the French financial markets authority (*Autorité des Marchés Financiers* – AMF) reference framework in terms of risk management and internal control mechanisms. The format of this report follows the structure of that framework. First, the interaction between risk management and internal control within CNP Assurances is described, before detailing the components of the risk management system, followed by the internal control mechanism.

In addition to the provisions of the AMF's reference framework, the activity pursued by CNP Assurances is subject to an extensive range of legislative and regulatory requirements, notably under the French Insurance Code (*Code des assurances*). Insurance companies in France are also supervised by the French prudential control authority (*Autorité de Contrôle Prudentiel* – ACP).

By 2014, the Group will be subject to the requirements of the European regulation Solvency II, whose Pillar 2 covers risk management and internal control.

A) MAIN INITIATIVES IN 2011

While the sovereign debt crisis in Europe will probably remain the major issue of 2011, the economic environment also felt the impact of the uprisings in the Middle East, the earthquake in Japan and the downgrading of the United States from its AAA rating. The year ended on a somewhat sombre note, with a widespread slowdown in world growth and a strong risk of recession within the eurozone, accompanied by sometimes pessimistic assumptions about the future of the Economic and Monetary Union.

(1) *Augustin de Romanet's term of office as Chairman and Chief Executive Officer of Caisse des dépôts et consignations expired on 8 March 2012.*

This context brings with it uncertainties and risks which call for extreme vigilance. This climate is still with us in 2012 with, in particular, France's loss of its AAA rating by Standard and Poor's and the downgrading or negative outlook for several European countries and various financial institutions. CNP Assurances must make every effort to spot possible shifts in economic conditions (in either direction) and garner full and relevant information about risks incurred and the resilience of the systems set up to identify, assess, and control them and to manage Group exposure.

Therefore, I wanted to analyse CNP Assurances' ability to cope with the key risks and their consequences on the Company's financial equilibrium. In particular, I have sought to assess the Group's exposure to the sovereign debt crisis and its consequences on the banking and financial markets together with the strength of the system put in place to control it.

Finally, I have also been monitoring the progress made during 2011 on the internal control and risk management system, especially as regards:

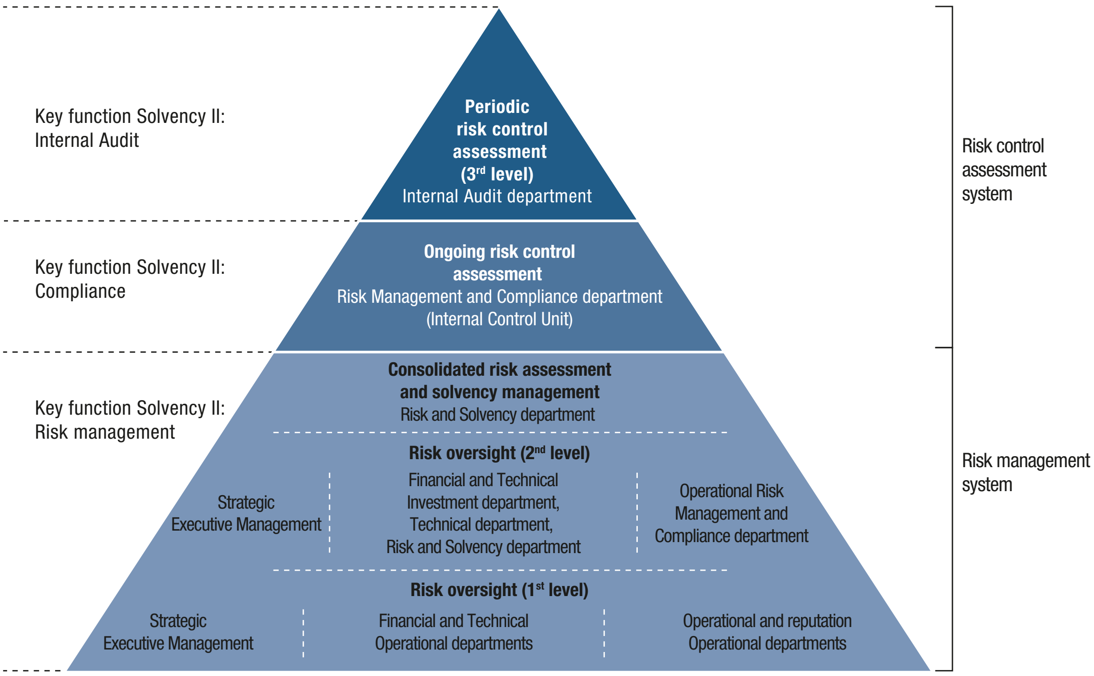
- ongoing improvements in the quality of service provided to policyholders;
- evaluating the effectiveness of the system, by means of departmental self-assessments, the analysis of identified risks or those emerging during the year and, whenever possible, by reference to market practices;
- the main projects in progress, especially the preparation for Solvency II, and their impact on the strengthening of the internal control and risk management system and its integration within the decision-making processes.

B) INTERACTION BETWEEN RISK MANAGEMENT AND INTERNAL CONTROL

The main protagonists in risk management and internal control are, at the highest level in the Company, the Board of Directors, its Audit and Risk Committee, and the Executive Management.

The internal control system is built around a reference framework comprising internal delegations of authority and fundamental principles as set out in documents such as the Internal Control Charter and the Code of Conduct.

The overall system can be illustrated as follows:



The Group's international subsidiaries also operate this approach to risk management and internal control, within the framework of the locally applicable legislation and the guidelines stipulated by the Group.

C) RISK MANAGEMENT SYSTEM

1. Objectives of the risk management system

The objectives of risk management are to create and maintain the Company's value, safeguard decision making and processes, foster consistency between the Company's actions and its values and to mobilise its employees around a common vision of the major risks.

2. Components of the system

a) Organisational framework

The coordination of risk management for the CNP Assurances Group is entrusted to the Risk and Solvency department and the Risk Management & Compliance department. This system is part of a comprehensive risk management framework overseen by the CEO.

The Risk and Solvency department is responsible for managing financial and insurance risk assessment at Group level and for developing the internal model[1] for assessing regulatory and economic capital requirements and providing information on financial and insurance risks. It submits a draft risk policy to the Risk Committee, set up in 2011, for approval which is consistent with the objectives and requirements of the Group's own-funds. In the future, the department will set out the risk tolerance agreed by this committee for subsidiaries and operational management in the form of risk budgets.

This department is a major contributor to the Solvency II project and tracks the progress of all work done in the framework of this project. In particular, it manages the definition and implementation of the ORSA (Own Risk and Solvency Assessment) conducted by the Group.

As regards Risk Management and Compliance, this department keeps track of operational risks as well as risks arising from non-compliant insurance products or failure to comply with ethical standards as well as those arising through money laundering.

These two departments involved in the risk management system set up a Risk Committee then drew up the organisational principles for risk tolerance assessment and the Group's reference concepts. Risk assessment and monitoring are evaluated on three main aspects:

- the remuneration paid to policyholders;
- the evolution of the Group's own-funds;
- the financial performance of the Company, reflected in its accounting result.

b) Risk management process

Risk identification

The aim of identifying and assessing recurring risks is to provide oversight bodies with the elements needed to manage the risks inherent to each business activity and to define an overall risk management strategy at Group level.

The recurring risks identified fall into three categories: financial risks, insurance risks and operational risks. The main risks in each of these categories, the assessment methods and control mechanisms are set out below.

As regards accounting, the main risks concern the accuracy, completeness and fairness of the financial statements, their compliance with accounting standards and regulatory deadlines for publication. The Accounting and Tax department helps to identify and manage these risks by combining ongoing controls over the accounts closing process with careful monitoring of regulatory changes and the development of in-house applications and processes.

Risk assessment

As part of our processes for managing and controlling risks, CNP Assurances regularly conducts forecasts assessing the potential consequences of different scenarios on the Company's financial strength and flexibility. These forecasts form the basis of action plans drawn up to counter such occurrences. The assessments are presented below, highlighting each of the risk areas, financial, technical and operational.

- Financial risks

Like any insurer, the risks faced by the CNP Assurances Group can be broadly broken down into credit risks and risks relating to the performance and volatility of the financial markets.

- Credit risks

Risks relating to the availability and cost of financing

CNP Assurances may turn to the market for short-, medium- or long-term financing as a result of a drop in unrealised gains, impairment of assets, or a rise in surrender rates, thereby exposing it to the risks of increasingly scarce liquidity and higher interest rates. CNP Assurances has stress tested the conditions in which it could cover its minimum solvency margin using a number of different macroeconomic and financial scenarios. The Group has also participated in solvency research as required by its national supervisory authority – the ACP – and by the European Insurance and Occupational Pension Authority (EIOPA)[2], like the stress tests carried out in the first and second half of 2011.

Risks related to exposure to issuers of debt instruments

These risks arise from widening spreads on debt instruments acquired by the Group or even default by the issuer and negatively impact investment yields, profit and solvency.

The Group has diversified its bond portfolio and implemented a comprehensive system for tracking credit risk. Issuers in problem sectors are monitored even more closely.

(1) This is a partial internal model covering the "Term Creditor Insurance – France" business.

(2) European Insurance and Occupational Pensions Authority.

The heightening of the Greek debt crisis in 2011 led to increasing uncertainty over the ability of sovereign European issuers to service their debt. The Group is exposed to this risk through its investments. The deterioration in the economic outlook in Greece, Italy, Portugal and Spain can also have a negative impact on the future business of its local subsidiaries. Close attention is paid to these risks in the form of tighter monitoring of performance indicators in European countries and a more detailed focus on its sovereign debt exposure. The control mechanism, further reinforced in 2011, involves:

- analysing macroeconomic indicators for the countries concerned and stress testing using scenarios validated by the Strategic Allocation Committee and updated on a regular basis;
- splitting the Group's sovereign debt risk exposure into exposure on proprietary trading and exposure on insurance business (where the Group's net exposure must factor in the impact on policyholder bonus policy and on assumptions concerning policyholder behaviour);
- analysing the potential consequences of a sovereign debt crisis on life insurance business in the countries concerned, and the possible contagion effect of such a crisis on the banking system and financial markets.

In view of the Company's exposure to certain sovereign risks, particularly within the eurozone, this mechanism will be specifically monitored in 2012.

Credit risks specific to certain asset categories

CNP Assurances has for many years followed a conservative investment policy on structured credit investments and asset-backed securities. The limits for each category are regularly reviewed. Investments in asset-backed securities are characterised by broad diversification and by top-grade underlying assets. Furthermore, the specific characteristics of certain asset classes, like the different types of covered bonds, are taken into account in the risk assessment.

- Risks relating to volatility in financial markets

Asset-liability mismatch on traditional savings products

Mismatches between investments and liabilities generate a risk of shortfall between asset yields and policyholders' guaranteed or expected returns on their policies. To gauge its exposure, CNP Assurances uses software to simulate changes in assets and liabilities based on different market conditions, especially covering:

- the impacts on portfolio values of sharp increases or cuts in interest rates;
- various assumptions on the behaviour of the insurer (investment policy, profit-taking strategy, policyholder bonus policy, etc.) and of policyholders (new contracts taken out, top-up premiums, surrenders, transfers, etc.).

In 2011, these simulations and associated indicators were monitored extremely closely by the Strategic Allocation Committee and the Executive Committee, given the drop in gross and net premium revenue observed on the life insurance market in France.

Interest rate risk

Life insurance companies have to monitor interest rate risk very closely. A sharp and sustained rise in interest rates after a long period of low rates could adversely affect margins and policy surrender rates. The Group must ensure it covers this risk through its asset allocation policy by limiting maturities for fixed rate securities or favouring variable rate securities. In recent years greater use has also been made of hedges through derivatives, caps and swaps. In the current context of a number of sovereign debt crises in Europe, this expanded hedging programme needs to include hedging adjustment facilities to be able to react to higher State borrowing rates and not merely to swap rates. Furthermore the quality of the relationship with policyholders helps minimise policy surrender rates.

The Group must also manage the risk of a fall in interest rates by matching liabilities with a guaranteed rate of return to fixed-income investments with similar maturities and by reducing average yield guarantees. For example, customers are offered a minimum guaranteed yield that is set on an annual basis instead of a yield guaranteed over the life of the policy or over its first few years.

Risks relating to downturns and volatility in equity markets

Market trends have a direct effect on the performance of the share portfolios held by insurance companies. From the Group's perspective, a sharp downturn in equity markets would be made much worse by a concomitant rise in interest rates in a stagflationary environment.

2011 was marked by a sharp fall in share markets (down 22%) and significantly increased volatility. Against this backdrop, the Group kept to its strategy of reducing its exposure to equity risk. CNP Assurances also enhanced its hedging through put-spread type derivatives to partially hedge losses in the event of a sharp fall in equity prices.

Moreover, certain unit-linked policies issued by the Group offer minimum guarantees where the policyholders bear the investment risk but are protected against excessive falls in equity prices.

CNP Assurances hedges this risk in terms of the guaranteed returns that must be paid out to policyholders using options or reinsurance protection.

Property and infrastructure risks

Property accounts for a small share of the Group's invested assets. However, based on forecasts of rising inflation in the medium term and Solvency II guidelines favourable to this category of assets, the Group launched a fresh property acquisitions drive in 2010. In addition, in 2011, CNP Assurances joined a consortium for a long-term partnership in the natural gas transport sector in France and Europe.

Other market risks

Attention is also paid to other financial risks, such as liquidity and basis risks. During the interviews I conducted in preparing this report, I also requested that management make proposals about the notion of risk-free rates and the reference rates for setting the discount rates used by the Group in estimating liabilities.

- Insurance risks

The procedures implemented to price and assess insurance risks, determine the amount of related technical reserves and any necessary reinsurance cover, and track the profitability of In-Force business, are documented under the procedures for managing insurance risks approved by the Executive Committee. Insurance risks are identified and mapped on a regular basis.

The Technical Risks Committee validates the appropriate governance framework. The following subjects, amongst others, were dealt with during 2011: review of underwriting and pricing standards, review of risk selection criteria, the 2011 reinsurance programme, the impact of the European Court's decision on non-discriminatory charges between men and women, funding the pension reform and the evolution of pension, group benefit and borrower risk portfolios.

Embedded Value and the value of new business are calculated for CNP Assurances and each of its subsidiaries. These calculations are reviewed by a qualified independent actuary at each period-end and are disclosed in the annual and interim reports.

The Group's reinsurance programmes round out our insurance risk management procedures. Reviewed at regular intervals, the programmes cover both outward and inward reinsurance written for provident institutions and subsidiaries.

- Operational risks
  - Legal and money-laundering risks

Measures to combat money laundering and verify the legality of financial flows, adapted to the provisions of the Third EU Directive to combat money laundering and the financing of terrorism were consolidated in the course of 2011. Control capacities were strengthened with, for example, the introduction of specialist software. Lastly, during the year employees participated in an online training session, developed in 2010 with the French Federation of Insurance Companies (*Fédération Française des Sociétés d'Assurance* – FFSA), specially designed to provide up-to-date knowledge on the subject.

The purpose of the Legal and Corporate department, created in 2011, is to manage the legal risk of business activities as regards the corporate and contractual life of the Group's French entities, outside the core insurance business. Its first task was to analyse the needs of the different departments and to identify areas for improvement.

  - Risk of fraud

Combating the risk of fraud is an integral part of the risk management mechanism and is covered by second-tier controls at operational department level. Work has been undertaken to assess the control environment, highlight sensitive areas and draw up various tests and scenarios, as well as to foster awareness of the issue among employees. Fraud risk management has also been enhanced by the project to streamline and automate account management and approval procedures.

c) Ongoing steering of the risk management system

The "Enterprise Risk Management" (ERM) project aims to improve the organisation of the existing risk management system and to supplement it in some areas. It is a contributing factor in meeting the future requirements of Solvency II's Pillar 2. Its objective is to cover all the risks facing the Group's insurance companies. The work carried out in 2011 included the implementation of the incident database and the individual product creation process, operational and subcontracting-related risk monitoring. This project has started being rolled out within the international subsidiaries.

I am convinced that understanding risk management issues and taking ownership of the system by all those concerned is a prerequisite for the efficiency of our operations. I have therefore requested that the communication and training drive undertaken be continued so that the complexity and technicality of some subjects is not an obstacle to the control capacity.

d) Financial and accounting communication and information

With help from other departments, the Analysts and Shareholders Relations unit produces the financial information which is circulated to the market – analysts and investors as well as private shareholders. Through their contributions and reviews the departments concerned help this unit to ensure that risks of material error are avoided, that communication is timely and that there is no breach of confidentiality or equality between shareholders.

D) INTERNAL CONTROL SYSTEM

1. *Objective*

The internal control system is designed to assure compliance with laws and regulations, the application of instructions and guidelines set by the Executive Management, the proper functioning of the Company's internal processes and the reliability of financial information.

2. *Components of internal control*

a) Organisational framework

CNP Assurances has entrusted the coordination of the internal control system to the Risk Management & Compliance department. Within this department, the Internal Control unit is tasked with identifying and inspecting the operational control systems deemed significant.

The scope of internal control assessment covers all the processes on which a financial crisis can have an impact, namely 24 processes. This scope was enlarged in 2011 to include annual customer information processing. It now covers 2,461 controls, 1,306 of which are considered key controls in managing risks which are critical, high or several moderate risks combined.

b) Process-linked controls

The internal control system is structured by linking controls to the business processes and cross-departmental processes.

Controls geared to the challenges represented by core business processes

- Product development and distribution

The life insurance business incurs operational, legal and reputational risks. Risks emerge as soon as a product is developed and the related contractual documents are drafted, but they also concern the way that the product is presented to the public (i.e., in terms of the advice and information given to prospective policyholders). Risks can also arise in response to a new legal precedent or a change in regulations.

In 2011, the Underwriting and Insurance Law department was created to anticipate and manage the risks arising out of continually changing regulations and updates in case law. In addition, this department was involved in incorporating disability coverage into the existing AERAS convention in favour of people presenting a serious health risk.

CNP Assurances seeks to continually improve its legal soundness, and also the clarity and readability of all customer documentation, be it contractual or promotional. This approach, to which I personally attach much importance, includes a systematic validation by the legal department of new product services and CNP Assurances compliance, as well as its monitoring of claims against existing products.

The partnership agreements governing the ties between CNP Assurances and its distributors define the roles and responsibilities of each party, especially in the area of information and advice. They represent the keystone of our control environment.

- Policy administration

The administration of insurance policies is the bedrock of our business model. Hence, this activity calls for special care and attention. Procedures in this area must therefore help to act as a control over processing operations and guarantee quality customer service. I have asked for the quality of services to be assessed by conducting an independent analysis of all the processes involved in the management of insurance policies on the basis of a relevant sample survey of customer complaints.

For individual insurance, the main policy administration risks arise from the wide-ranging products offered, which comprises savings, pensions and personal risk products and the massive volumes involved. In all, we administered 225 different products representing more than 15 million individual policies at the end of 2011.

Risk management relies on a “quality approach” drawn up in tandem with distributors. This entails the standardisation and optimisation of administrative processes such as admission to insurance schemes, payment of claims and benefits, and policyholder information.

Handling operations efficiently is at the heart of CNP Assurances’ partnership approach with its distributors. In addition to monitoring by regular indicators, controls in this area include:

- the signature of service agreements with Banque Postale and Caisses d’Epargne;
- performance controls on the administrative side based on shared procedures and systems, together with quality and efficiency standards;
- monitoring the quality of service, investment performance, policy administration and information systems and new products by special committees meeting monthly or quarterly.

In 2011, CNP Assurances launched several projects aimed at enhancing the quality of service provided to policyholders, particularly on the back of a stronger and more integrated relationship with its partners. The processes and systems performance project, for example, will mean a revision of administrative processes and underwriting claims management. This revision must improve response times, the consistency and security of the service provided. In addition, further progress has been made in 2011 on the dematerialisation project, which involves digitising all the documents needed for day-to-day administration. The project should result in more efficient administration management with better control over deadlines and it is planned for roll-out to all of CNP Assurances’ distribution networks in the next few years.

Lastly, a Policyholder Quality department has been set up, in liaison with the Quality taskforce, to set the quality policy and standards and monitor their application in the Policyholder Service department. It is steering the overall certification process for administrative transactions, the target date being 2014.

Group policies cover essentially the same types of guarantees as individual policies, and the inherent administrative risks are therefore the same. However, group policies also give rise to specific risks due to the delegation of decision-making given to CNP Assurances’ partners.

Suitable mechanisms have been in place for several years to manage delegation-linked risks, including training which is provided for these partners together with controls for their business: defining their responsibilities through delegations of authority, conducting audit engagements, establishing indicators for the purpose of monitoring business and technical balance developments and analysis by risk and by referral agent. ISO 9001 certification for Term Creditor Insurance was confirmed in 2011.

Finally, CNP Assurances continues its efforts for improving the reliability of management data and controlling the means of providing data useful for accounting. The automation of links with its partners will continue in 2012.

- Investment management

The control system for managing investment portfolios is based on the following:

- guidelines adopted annually by the Strategic Allocation Committee and updated as necessary during the year;
- breaking down these guidelines into investment strategies based on asset/liability studies and the objectives of policyholder dividend policies;
- strict control of positions via an information system on securities which facilitates the control of financial flows as well as monitoring equity and IFRS income exposure to market fluctuations;
- verification of compliance with individual portfolio asset allocations and exposure limits by issuer;
- transactions using financial futures must comply with the risk-hedging strategies approved annually by the Board of Directors and managed and monitored by a dedicated unit.

The context of the financial crisis has prompted a review of the overall usefulness of this control mechanism in coping with the extreme situations encountered, for example by ensuring that financial and operational exposures are linked to certain counterparties.

Control of cross-departmental functions

- Continuous quality improvement

The priority given by CNP Assurances to the quality of service provided to policyholders led to the creation of the Quality taskforce in 2011, a project which I encouraged the Executive Management to adopt. Its objective is to define a cross-departmental approach which will stimulate action and, in the framework of a harmonised policy, pull together the projects already underway.

On my request, the quality of service delivered to policyholders will be analysed in 2012, by means of a survey based on a sample of customer complaints and covering all the processes concerned because, in my view, there is room for further progress to be made. Furthermore, the efforts committed to the quality certification procedure will be strengthened in order to complete this rapidly.

- Management accounting and oversight

Management accounting and oversight activities are structured around four aspects: producing indicators, analysing performance, strategic planning, preparing and monitoring budgets. The Planning and Performance department ensures that these processes are reliable and helps to improve the quality of the information communicated internally and used to underpin decision-making.

Strategic planning involves developing, through detailed projections, the medium-term strategic direction proposed by the Executive Committee and approved by the Board. In this framework, in 2011, the Planning and Performance department continued to coordinate the simulation work on the Group's capabilities to cope with various stress scenarios.

Finally, the Planning and Performance department coordinates budget preparation and control. In this context, it ensures that the Eficio cost control programme is working effectively and, in 2011, managed its roll-out to fifteen sites.

- Monitoring international operations

The system for monitoring international subsidiaries is based on the initiative and the total ownership of responsibility of local management, while at the same time incorporating them within the Group's strategic guidelines and standards. The control environment is based on the regulations and corporate governance principles applicable in each host country and on the Group's majority representation on the Boards of Directors or Supervisory Boards of the foreign subsidiaries.

Beyond the first-tier controls, internal control and risk management systems, based on those of the Group, have been deployed in all subsidiaries or, in the case of new subsidiaries, are underway. Specialist committees – Strategy, Audit and Finance – assist the subsidiaries' Boards of Directors.

The achievement of targets is analysed using two key processes – strategic planning and performance monitoring – which enable CNP Assurances to track the subsidiary's business trends, its business model and sources of value creation. I have also asked for the analyses that have been conducted on the Group's exposure to the major financial risks to be applied to each subsidiary.

- Human resources management

The quality and sustainability of the Group's development require having varied skills, adapted to its business model requirements and to changes in the insurance industry. The Human Resources department, in conjunction with the Executive Committee, ensures that all the risks in this area are controlled, in order to meet the following objectives:

- alignment of the policies pursued with the regulations in force; the negotiations on equal opportunities for men and women led to an agreement being signed in 2011 in compliance with the Act of 9 November 2010;
- consistency with the needs of the business focusing on tighter cost control;
- a committed social responsibility policy, in line with the Group's values: the social dialogue has been widened and now operates at a European level. In 2011, negotiations were held on the subjects of psycho-social risks, equality at work and older workers;

- the involvement of the whole hierarchical structure in the people issues within the Company, by formalising procedures and training initiatives.

- Programme and information systems management

Information systems play a crucial role in all of the Group's operations and a number of large-scale projects have been initiated. In this context, questions I put to the heads of department and operational managers in preparing this report focused specifically on the capacity of existing systems to meet the objectives targeted by the Group, especially in terms of quality of service, and on the progress of the projects in hand and their impact on the control system.

The role of Programmes, Organisation and Systems department (POSD), set up early in 2011, is to optimise the information systems' contribution to the Group's strategy, to ensure the security and continuity of operations and to guarantee the quality of service and computer applications in what is a rapidly changing environment.

The control systems in place ensure the reliability of the tools and the integrity of the data made available to users. Tests are regularly carried out to ensure that the IT back-up plan is efficient and their scope has been progressively extended to include CNP Assurances' partners in this process.

In addition, POSD is managing the Group's Finance programme to adapt to the new accounting and regulatory standards. This is a set of projects which, due to their magnitude, need to be managed globally but organised on a cross-departmental basis. Within the programme there are three key computer system projects which will have a major impact on internal control: replacing the accounting application in France, the redesign of the Group asset management application and the development of the modelling and simulation tool implemented by the Group for the purposes of Solvency II and the financial statements. The initial stages of these projects will be operational at the beginning of 2012, and further developments on these projects will continue throughout the year.

POSD has adopted a standardised documented approach to improve the project management process. It should cover all the projects running in 2012.

3. Steering the internal control system and regular review of its workings

CNP Assurances* has chosen to set up a system of internal control self-assessments. This procedure, which involves all our staff, provides an annual assessment of the reliability of our controls. The line managers' direct superiors validate the assessments and, whenever necessary, suggest improvements.

As regards the controls deemed satisfactory, random testing is applied to confirm the reliability of the information obtained through the self-assessment process. Furthermore, specific tests are used to check the consistency of self-assessments by gauging suitability and reliability, and the level of risk coverage. Findings from these assessments are then shared with the line managers and relevant members of the Executive Committee through ad hoc meetings. Action plans are put in place to address the identified weaknesses.

For me, it is extremely important that the control mechanism is reviewed on a regular basis, to make sure that it is still suitable and effective given the Group's risk exposure and the specific circumstances that each year brings. Given the Company's high level of commitments, in 2011 I asked for a full review of the control system over all of our sovereign debt exposure to be performed.

4. Procedures contributing to the preparation of financial and accounting information

a) Assessment of underwriting results

2011 was marked by the reorganisation of Actuarial Analysis and the creation of the Group Underwriting department which embraces the role of the actuarial function required under Solvency II. Amongst others, its activities include valuation of the Group's underwriting indicators from their different angles (value creation, technical reserves, capital requirements for insurance risks).

This department also has a separate Group Technical Standards and Synthesis department which establishes the technical standards regarding the technical reserves and the MCEV®(1) and prepares the syntheses and analysis reports required by the Group Underwriting department. It has also pursued the Group's work on the modelling tool for calculating underwriting commitments in the new environment related to the implementation of Solvency II.

b) Control of management tools and processes development

The developments in tools and processes form part of the Finance programme described above. The changes being worked on have already generated a significant reduction in reporting deadlines, whereas conditions during the closing period were complicated by the volatility of the financial markets and the rapidly changing economic environment.

* *CNP Assurances excluding subsidiaries*

(1) *Market Consistent Embedded Value®.*

c) Accounting and preparation of financial statements

Controls over the accounts closing process include:

- controls over accounting entries based on reconciliations of financial and management accounting data, checks for consistency and completeness of manual entries, and reconciliation of accounting data to certain external financial data;
- accounting procedures and detailed, regularly updated accounts closing procedures provide assurance over the reliability of first-trial entries.

Furthermore, throughout 2011, the impact of the economic and financial context on the accounts was closely monitored.

d) Identification of publication requirements

The financial information which has to be made available to the market is identified by the Analysts and Shareholders Relations unit in accordance with the AMF's General Regulations.

E. INTERNAL AUDIT

The final level of control is provided by the Internal Audit department. This department assesses the relevance and durability of the Group's general control system. The annual audit plan is constructed on the basis of the principal risks identified by the protagonists in the Company's overall control system (Executive Management, Risk Management & Compliance department, Risk and Solvency department) and by the Statutory Auditors. The plan also takes into account the requirement to cover all the significant risks within a five-year period, requirements emanating from the Internal Audits conducted on CNP Assurances' partners in relation to joint processes and the support needs expressed by the international subsidiaries. The plan is submitted to the Executive Committee and validated by the Audit and Risk Committee. Internal Audit can also be called on to conduct engagements not initially included in the plan, in response to an emergency situation on a specific subject.

On the basis of the engagements targeted, the Internal Audit department assesses the format and effectiveness of the internal control and risk management processes. It makes recommendations to improve the quality of its methodology and makes sure that it is applied accordingly in its Review unit. This unit is also responsible for reviewing the quality of audit deliverables and for audit administration.

In 2011, Internal Audit performed 28 engagements covering the following areas: eight in governance and compliance; six in IT; five in finance and accounting; five in audit of subsidiaries; three in management and commercial; and one in Human Resources. It was also involved in cross-departmental work such as drawing up and revising the Audit Charter and its annual review and played an active part in debates with the French Audit and Internal Control Institute (*Institut français de l'audit et du contrôle internes* – IFACI). The department's IFACI certification was renewed.

F. LIMITS OF RISK MANAGEMENT AND INTERNAL CONTROL

As with any risk management and internal control system, CNP Assurances' system cannot provide absolute assurance against possible weaknesses. However, it provides reasonable assurance that the process will enable the Company to fulfil these objectives in a satisfactory manner.

G. THE CHAIRMAN'S CONCLUSION

I would like to close by reiterating my commitment to unremitting vigilance on the part of all our staff in identifying, assessing and controlling risks, be they recurring risks in the insurance sector or crisis-related risks. I will ensure that their impact on the Company's performance and financial strength is carefully analysed in order to pinpoint any weaknesses threatening the Group. I will also ensure that our risk management procedures are duly and effectively applied in full.

H. STATUTORY AUDITORS' COMMENTS

The Statutory Auditors have not informed me of any material internal control weaknesses identified during their audit.

2.2. GOVERNANCE

2.2.1. Corporate governance

POWERS AND RESPONSIBILITIES

The lives of listed French companies are governed by legal and regulatory rules and in particular the provisions of the French Commercial Code (*Code de commerce*) and the French Insurance Code (*Code des assurances*), as well as the provisions of the French Monetary and Financial Code (*Code monétaire et financier*) and the General Regulations of the French financial markets authority (*Autorité des Marchés Financiers* – AMF) relating to financial markets.

French law is strongly influenced by the provisions of European Law as reflected in the Order of 8 December 2008 which transposed the 8th EU Company Law Directive into French law, making Audit Committees mandatory for listed companies.

The Act of 3 July 2008, which introduced the “comply or explain” principle arising from the amended accounting Directives, and increased the transparency of commercial companies, was also instrumental. The report of the Chairman of the Board of Directors on corporate governance and internal control, which was extended to risk management four years ago, is based on this principle.

In this legal environment, given the powers and responsibilities conferred on the Board of Directors, it has full authority to act in the name of CNP Assurances and authorise all acts and activities related to its corporate purpose.

The Board of Directors appoints the Chief Executive Officer to whom it can delegate all or part of its powers for the performance of its own decisions and those of the General Meeting.

The Board of Directors of CNP Assurances conferred upon the Chief Executive Officer all the necessary powers for the working of the Company, leaving him free to act in the Company’s interests, within the scope of the Company’s corporate purpose and the annual budget, as determined by the Board of Directors. Nevertheless, it is anticipated that, before any decision, some strategic operations must be submitted for prior review to the Board of Directors. These operations are detailed on page 30 above.

SPECIAL BOARD COMMITTEES

The Board of Directors is assisted by three different committees which are fundamental components of corporate governance.

The Chairman of the Board, with the assistance of the chairmen of the special Board committees, ensures that CNP Assurances governance structures function efficiently by striving to implement standard selection criteria for appointing the members of management bodies and directors, and for defining the roles of the various special committees set up in its main subsidiaries. The improvements made and efforts accomplished in terms of governance by CNP Assurances can be assessed based on the Chairman’s report, as it is frequently updated.

During this period of great anxiety and mounting risks, these committees play a leading role by enabling the Board of Directors to exercise independent judgement on matters where there may be a conflict of interest, and to benefit from expertise in matters such as the audit of financial statements, risk management, the selection of Board members and the remuneration paid to corporate officers.

The Audit and Risk Committee plays a key role in this respect. It is responsible for assessing the preparation of financial information and the effectiveness of internal control and risk management systems. This committee is also responsible for overseeing the audit of the financial statements of CNP Assurances, paying close attention to possible risks and uncertainties identified by the Statutory Auditors.

Based on the information provided to it, in particular from the Finance department, the Audit and Risk Committee ensures that a system has been put in place to identify and analyse risks that could have a material impact on the accounting information and assets and liabilities of CNP Assurances. It also assesses the relevance of the valuation methods used and the efficiency of warning and back-up systems.

The information provided to the committee by the Chief Executive Officer or Finance Director also includes issues and questions of interest to analysts and investors. This enables the committee to better assess financial reporting that is becoming increasingly sensitive, where each word or expression must be weighed in light of market volatility.

The Board of Directors cannot control, in practice, each of senior management's decisions. To prevent senior management from taking inappropriate risks, the Board of Directors defines CNP Assurances' risk management policy applicable to either financial or non-financial risks. To strengthen its control responsibilities, the Board of Directors entrusted certain preparatory work to these special committees to help it carry out some of its key duties. However, in accordance with both the law and its own internal rules, the Board recognises its collective responsibility for all decisions falling within the scope of its authority.

The internal organisation of the responsibilities and duties of CNP Assurances' governing bodies contributes to enhanced legal certainty and to the Board of Directors' effective control of senior management.

CHAIRMANSHIP, BOARD OF DIRECTORS, SPECIAL BOARD COMMITTEES

The CNP Assurances Board of Directors, composed of 18 directors and three non-voting directors, has chosen to separate the positions of Chairman and Chief Executive Officer.

The Board of Directors, which combines a management role with management control responsibilities, reflects the Company's ownership structure, which primarily comprises two major shareholders.

The Chairman of the Board ensures that governance is well balanced by allowing more time for exchanges between directors, notably in the areas of determining CNP Assurances' strategy and risk management. The Chairman ensures that the Company's governance structures function efficiently, and that the interests of all CNP Assurances shareholders are preserved.

It is the Chairman's responsibility to organise and lead the work of the Board and to coordinate the work of its different committees.

On 10 July 2007, based on the recommendation of Caisse des dépôts et consignations, the Board of Directors chose to separate the positions of Chairman and Chief Executive Officer. The duties of Chairman and those of Chief Executive Officer are separated in line with CNP Assurances' consistent practice, which distinguishes the strategic, decision-making and supervisory roles from the executive functions.

This separation enabled the Chief Executive Officer to take full measure of all the operational and functional aspects of the Group, with by his side a Chairman in charge of organising and leading the Board of Directors and conducting General Meetings, while promoting corporate governance.

In accordance with the Chairman's commitments, two women were appointed directors, thereby opening the door to better representation of women on the Board.

It is also under the Chairman's influence that the Board of Directors, at its meeting of 23 February 2010, decided to extend the Audit Committee's duties to the governance and risk management oversight of CNP Assurances. In practice, the Chairman calls for the attendance of the members of the Audit and Risk Committee at the work meetings of the Strategy Committee as he sees necessary, to facilitate the sharing of information and monitoring of risks.

Faced with the effects of the global financial and economic crisis, in 2011, the Audit and Risk Committee extended its work and vigilance with regard to the level of the Company's exposure to the risks related to the financial crisis.

In 2011, the Strategy Committee, which is complementary to the pre-existing Audit and Risk Committee and the Remuneration and Nominations Committee, was asked to examine the direct consequences of the financial and economic environment, which has increasingly deteriorated since the summer of 2011, on the life insurance market and its repercussions for CNP Assurances. The European debt crisis and the more restrictive regulatory environment were other issues that the Strategy Committee considered in liaison with the Audit and Risk Committee and presented to the Board of Directors.

This method of operation gives directors sufficient visibility to take collective decisions within a structured environment and shows that the governance model is consistent with the Group's activities, management and control, as well as its shareholding structure.

The Board of Directors and the Chairman take special care to balance membership on the Board and its committees in such a way as to guarantee shareholders and the market that the Board's duties are carried out with the required independence, objectivity and expertise.

Additional information regarding the functioning of the Board of Directors and its committees, as well as the preparation and organisation of their work in 2011 is also provided in the Report of the Chairman of the Board of Directors.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE COMMITTEE

The Chief Executive Officer set up an Executive Committee to carry out the Group's operational management and implement the strategy decided by the Board of Directors. The Executive Committee comprises the Company's three Deputy Chief Executive Officers and in January 2011, it was enlarged to include four senior executives, including three women.

The committee meets once a week on average. As well as acting in a strategic planning role, it coordinates and shares Group-level initiatives and monitors cross-functional projects. It combines a very broad range of managerial and operational skills within an internal structure.

Approximately once a month, the Executive Committee meets in extended form which allows a wider range of Group senior executives to participate.

The committee also oversees the consistency of action plans implemented by the operating units and subsidiaries, and makes suggestions to the Chief Executive Officer concerning any necessary trade-offs between conflicting priorities. It monitors the Group's results and financial ratios and reviews the action plans to be implemented by the Group. It focuses more particularly on ensuring the efficiency of internal control, Internal Audit and risk management systems, which it considers to be key drivers of good corporate governance.

The Chief Executive Officer has full authority to act in the interests of the Company, within the limits of the corporate purpose and the annual budget set by the Board of Directors. However, a certain number of strategic operations have to be reviewed by the Board of Directors before any decision is made. The Board of Directors' prior approval is required for the following acts.

Limitations on the powers of the Chief Executive Officer

- The issue of guarantees to secure the Company's commitments in excess of €100 million per commitment.
- Business acquisitions and disposals for amounts in excess of €50 million per transaction, except for disposals of assets as part of the portfolio management process.
- Business acquisitions and disposals for any amounts that are not part of the strategy decided by the Board of Directors. These provisions do not apply to transactions carried out on an experimental basis.

The Board of Directors also grants the Chief Executive Officer annual authorisation, which was most recently granted on 21 February 2012, to:

- issue sureties, bonds and other guarantees in the Company's name for up to €100 million per year, or the equivalent in any foreign currency, covering the commitments of subsidiaries and other third parties in accordance with Article L. 225-35, paragraph 4 of the French Commercial Code;
- issue, on one or several occasions, bonds or similar securities for a maximum of €1 billion placed in France or on an international market. The securities issued under this authorisation may be dated or undated and subordinated or unsubordinated, and may pay interest at a fixed or variable rate (or any other form of remuneration). Any other debt securities or instruments of any kind may also be issued;
- beginning on 29 June 2012, the Board has also authorised the Chief Executive Officer to trade in the Company's shares, pursuant to the powers of delegation granted by the Annual General Meeting. The authorisation expires at the Annual General Meeting called to approve the financial statements for the financial year ending 31 December 2012 and may not exceed a total of 18 months.

REMUNERATION OF SENIOR EXECUTIVES AND CORPORATE OFFICERS

Details of the remuneration of corporate officers (Chairman, Chief Executive Officer, directors) are provided in section 2.4 "Remuneration", in accordance with AMF recommendations and the AFEP-MEDEF Code.

REMUNERATION OF MEMBERS OF SENIOR MANAGEMENT

Information relating to the remuneration of Deputy Chief Executive Officers is not required by law and is presented voluntarily for reasons of transparency.

In the following table, the remuneration of the Chief Executive Officer paid by CNP Assurances is presented in full, and the breakdown of remuneration is described in more detail in the tables regarding the remuneration of corporate officers.

The remuneration allocated by CNP Assurances to the Deputy Chief Executive Officers in relation to their employment contracts includes fixed and variable components, benefits in kind consisting of a company car, and for one of them, an additional employer's contribution by CNP Assurances to a contract encouraging employees to take out individual death and disability insurance (EPI, a collective insurance policy entered into in favour of all the Company's employees).

SUMMARY TABLE OF SENIOR MANAGEMENT REMUNERATION

Gilles Benoist, Chief Executive Officer	Remuneration paid in 2010 *(in €)*	Remuneration paid in 2011 *(in €)*
Fixed remuneration	580,000.00	580,000.08
Variable remuneration	319,000.00	319,000.00
Directors' fees received from CNP Assurances, its subsidiaries and other companies(1)	118,254.00	128,615.34
Miscellaneous (holiday indemnities, EPI, bonus, company car)	7,914.72	8,263.68
TOTAL REMUNERATION – CHIEF EXECUTIVE OFFICER	**1,025,168.80**	**1,035,879.10**

Xavier Larnaudie-Eiffel, Deputy Chief Executive Officer Antoine Lissowski, Deputy Chief Executive Officer Gérard Ménéroud, Deputy Chief Executive Officer	Remuneration paid in 2010 *(in €)*	Remuneration paid in 2011 *(in €)*
Total fixed remuneration for the Deputy Chief Executive Officers	913,183.80	933,183.72
Total variable remuneration for the Deputy Chief Executive Officers	584,225.67	572,815.77
Benefits in kind for the Deputy Chief Executive Officers (company car)	11,813.16	11,935.08
Directors' fees (subsidiaries of CNP Assurances and other companies)(2)	116,152.09	119,500.46
Miscellaneous (holiday indemnities, termination benefits, EPI, bonus)	94,948.34	113,351.84
TOTAL REMUNERATION – DEPUTY CHIEF EXECUTIVE OFFICERS(2)	**1,720,323.06**	**1,750,786.87**
Giving an average remuneration per Deputy CEO(1) of	573,441.02	583,595.62
TOTAL REMUNERATION – SENIOR MANAGEMENT (CEO + DEPUTY CEOS)(2) OF	**2,745,491.86**	**2,786,665.97**
Giving an average remuneration per Executive Committee member (CEO + Deputy CEOs)(2) of	686,372.97	696,666.49

(1) The amount of directors' fees paid in 2010 is different from that published in the 2010 Registration Document. It includes all the directors' fees paid to Gilles Benoist, regardless of the paying company, and not only directors' fees paid by CNP Assurances and its subsidiaries.

(2) The amount of directors' fees paid in 2010 is different from that published in the 2010 Registration Document. It includes all directors' fees paid to Deputy Chief Executive Officers and not only those paid by subsidiaries of CNP Assurances.

STATEMENT ON CONVICTIONS, BANKRUPTCIES, CONFLICTS OF INTEREST AND OTHER DISCLOSURES CONCERNING CORPORATE OFFICERS

Absence of convictions for fraud, association with bankruptcy or official public incrimination or sanctions

To the best of the Company's knowledge, at the date of publication of this document:

None of the members of the Board of Directors or senior management has been convicted of fraud within the last five years.

None of the members of the Board of Directors or senior management has been associated with any bankruptcy, receivership or liquidation acting as member of an administrative, management or supervisory body or as Chief Executive Officer.

None of the members of the Board of Directors or senior management has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities (including relevant professional organisations), and no member of the Board of Directors or senior management has been disqualified by a court of law from acting as member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer.

Service contracts

None of the members of the Board of Directors or senior management is linked by a service contract with CNP Assurances or any of its subsidiaries.

Conflicts of interest

To the best of the Company's knowledge and at the date of the publication of this document, there are no potential conflicts of interest between the duties of members of the Board of Directors or senior management and CNP Assurances, in the capacity as corporate officer, and their private interests and/or other duties. To the best of the Company's knowledge and at the date of the publication of this document, no arrangements or agreements have been entered into with the main shareholders, customers or suppliers providing for the appointment of a member of the Board of Directors or senior management. To the best of the Company's knowledge and at the date of the publication of this document, with the exception of the issue noted in the "Shareholders' Agreement" section, no restrictions have been accepted by the members of the Board of Directors or senior management concerning the sale of their interests in the Company's capital.

2.3. COMPOSITION OF THE BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS, LIST OF TERMS OF OFFICE AND FUNCTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS IN 2011[1]

Edmond Alphandéry

Born 2 September 1943.

Graduate of *Institut d'études politiques de Paris*, "*agrégé*" teaching degree in political economics.

Business address: CNP Assurances, 4 place Raoul Dautry, 75015 Paris, France.

Edmond Alphandéry began his academic career in 1969 as a lecturer at Aix-en-Provence law school and Paris IX-Dauphine University.

He then became associate professor at Nantes University and dean of the economics department from 1972 to 1974, prior to becoming professor at Paris II (Panthéon-Assas) University until 1993.

He began his political career in the Maine-et-Loire region, as General Councillor from 1976 to 2008, Vice President of the General Council in 1991 and President of the Council from 1994 to 1995. He was a member of parliament for Maine-et-Loire from 1978 to 1993 and mayor of Longué-Jumelles from 1977 to March 2008.

A member of the Supervisory Board of Caisse des dépôts et consignations from 1988 to 1993 and Chairman of the Commission Supérieure of Caisse Nationale de Prévoyance from 1988 to 1992, he was Chairman of the Supervisory Board of CNP Assurances from 1992 to 1993.

He served as Minister of the Economy from 1993 to 1995 and as Chairman of the Board of Directors of Électricité de France from December 1995 to June 1998.

On 9 July 1998, he was appointed Chairman of the Supervisory Board of CNP Assurances. He was elected to the Board of Directors by the General Meeting of 10 July 2007 and appointed Chairman by the Board on the same day. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He is also member of the Remuneration and Nominations Committee and Chairman of the Strategy Committee.

CNP Assurances shares held as of 31 December 2011: 2,004.

DIRECTORSHIPS AND FUNCTIONS

Within the CNP Assurances Group

- CNP International (SA), *Chairman of the Board of Directors*.
- CAIXA Seguros (Brazil), *director*.
- CNP UniCredit Vita (Italy), *director*.

Other directorships and functions

- Crédit Agricole CIB (SA) (formerly Calyon), *director*.
- GDF Suez (SA), *director and Chairman of the Ethics, Environment and Sustainable Development Committee.*
- Icade (SA), director, *(term expired 7 April 2011).*
- Néovacs (SA), *director.*
- Nomura Securities, *member of the European Advisory Panel since 2009.*
- Centre des Professions Financières, *Chairman since 2003.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Lehman Brothers, *member of the European Advisory Board (term expired September 2008).*

(1) *There are no family ties between the members of the Board of Directors.*

Gilles Benoist

Born 12 December 1946.

Law degree, graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: CNP Assurances, 4 place Raoul Dautry, 75015 Paris, France.

Gilles Benoist began his career with the French Ministry of the Interior, where he helped draft the first decentralisation legislation, before becoming principal private secretary to the Minister of the Economy and Finance in 1981.

In 1983, he moved to the French National Audit Office (*Cour des comptes*) where he specialised in auditing State-controlled industrial enterprises such as CGE and Saint-Gobain.

Between 1987 and 1991, he was Company Secretary of Crédit Local de France, later becoming a member of the Executive Board, advisor to the Deputy Chief Executive Officer of Caisse des Dépôts before being appointed Director of Headquarters Units in 1991.

From 1993 to July 1998, he was Company Secretary, member of the Executive Committee and Human Resources Director of the Caisse des Dépôts Group.

Chairman of the Executive Board of CNP Assurances since 9 July 1998, he was elected to the Board of Directors by the General Meeting of 10 July 2007 and appointed Chief Executive Officer by the Board on the same day. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares and CNP mutual fund units held as of 31 December 2011: 10,964 and 110 respectively.

DIRECTORSHIPS AND FUNCTIONS

Within the CNP Assurances Group

- CNP UniCredit Vita (formerly CNP Capitalia Vita) (Italy), *director and member of the Remuneration and Nominations Committee.*
- CAIXA Seguros (Brazil), *director*.
- CNP Immobilier (SCI), *representative of CNP Assurances, legal manager.*
- Compagnie immobilière de la CNP-CIMO (SCI), *representative of CNP Assurances, legal manager.*
- Ilôt a5b (SCI), *representative of CNP Assurances, legal manager.*
- Issy Desmoulins (SCI), *representative of CNP Assurances, legal manager.*
- Pyramides 1 (SAS), *representative of CNP Assurances, Chairman.*
- Rueil Newton (SCI), *representative of CNP Assurances, legal manager*.
- Sino French Life Insurance (China), *director*.
- Société Civile du 136 Rue de Rennes (SCI), *representative of CNP Assurances, legal manager.*
- Société Civile Immobilière l'Amiral (SCI), *representative of CNP Assurances, legal manager.*
- Société Civile Immobilière de la CNP (SCI), *representative of CNP Assurances, legal manager*.
- Société Civile Immobilière Montagne de la Fage (SCI), *representative of CNP Assurances, legal manager.*
- Société Civile Immobilière Parvis Belvédère (SCI), *representative of CNP Assurances, legal manager*.
- Société Foncière de la CNP (SCI), *representative of CNP Assurances, legal manager*.
- Société Immobilière de Construction et d'Acquisition de la CNP – Sicac (SCI), *representative of CNP Assurances, legal manager.*

Other directorships and functions

- Caisse des dépôts et consignations, *member of the Group Management (since 2003)*.
- Compagnie Internationale André Trigano (SA), *member of the Supervisory Board*.
- Dexia (SA)* (Belgium), director, *Chairman of the Audit Committee, Chairman of the Internal Control, Risk Management and Compliance Committee.*
- Fédération Française des Sociétés Anonymes d'Assurance (FFSAA), *Chairman*.
- Suez Environnement Company (SA)*, *director and member of the Strategy Committee.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- CDC Ixis (SA), *member of the Supervisory Board.*
- CNP Caution (SA), *representative of CNP Assurances, director (term expired 21 June 2010)*.
- Le Sextant (SCI), *representative of CNP Assurances, legal manager (term expired 2009)*.
- Spific (SAS), *representative of CNP Assurances, Chairman (term expired 2009)*.
- 83 Avenue Bosquet (SAS), *representative of CNP Assurances, Chairman (term expired 2009)*.

* *Listed company.*

Augustin de Romanet

Born 2 April 1961.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: Caisse des dépôts et consignations, 56 rue de Lille, 75007 Paris, France.

After representing Caisse des dépôts et consignations (CDC) on the Supervisory Board of CNP Assurances since 20 March 2007, Augustin de Romanet has represented CDC on the Board of Directors since 10 July 2007.

He is also a member of the Remuneration and Nominations Committee and the Strategy Committee.

CDC was elected to the Board of Directors by the General Meeting of 10 July 2007. Its current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares held as of 31 December 2011: 400.

DIRECTORSHIPS AND FUNCTIONS

- Caisse des dépôts et consignations, *Chief Executive Officer.*
- CDC Entreprises (SAS), *director*.
- Dexia (SA) (Belgium), *director, member of the Strategy Committee and of the Nominations and Remunerations Committee (term expired 31 January 2011).*
- Egis (SA), *Chairman of the Board of Directors*.
- Fonds de réserve des retraites – (FRR) (public administrative body), *Chairman of the Executive Board.*
- Fonds stratégique d'investissement – (FSI) (SA), *Chairman of the Board of Directors*.
- FSI-PME Portefeuille (SAS), *director*.
- Icade (SA), *representative of Caisse des dépôts et consignations, director (term expired 19 January 2011)*.
- La Poste (SA), *representative of Caisse des dépôts et consignations, director and member of the Remuneration and Governance Committee*.
- Oseo (SA), *director and member of the Nominations and Remunerations Committee*.
- Société Nationale Immobilière – SNI (SAEM), *Chairman of the Supervisory Board*.
- Veolia Environnement (SA), *director*.

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Accor (SA), *director and member of the Strategy Committee and the Nominations and Remunerations Committee (from May 2007 to February 2009).*
- Crédit Agricole (SA), *Deputy Director, Finance and Strategy and member of the Group's Executive Committee (October 2006 – March 2007)*.
- Icade (formerly Icade EMGP), *representative of Caisse des dépôts et consignations, director (from April to November 2007)*.
- French Presidency, *Deputy Secretary-General (2005-2006).*

Antoine Gosset-Grainville

Born 17 March 1966.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*, postgraduate degree in banking and finance from Paris IX-Dauphine University.

Business address: Caisse des dépôts et consignations, 56 rue de Lille, 75007 Paris, France.

Antoine Gosset-Grainville, co-opted by the Board on 22 June 2010, was appointed by the General Meeting of 6 May 2011 to fill the seat left vacant by the resignation of Jérôme Gallot. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He has also been a member of the Strategy Committee of CNP Assurances since 13 December 2011.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- Caisse des dépôts et consignations, *Deputy Chief Executive Officer.*
- Compagnie des Alpes (SA), *director, Chairman of the Audit Committee, member of the Strategy Committee and the Nominations and Remunerations Committee.*
- Dexia (SA) (Belgium), *director, member of the Strategy Committee and the Nominations and Remunerations Committee.*
- Fonds stratégique d'investissement (FSI) (SA), *representative of Caisse des dépôts et consignations, director, member of the Audit and Risk Committee, the Investment Committee and the Nominations and Remunerations Committee.*
- Icade (SA), *representative of Caisse des dépôts et consignations, director and member of the Nominations and Remunerations Committee*.
- Veolia Transdev (SA), *director and member of the Nominations and Remunerations Committee*.

Pierre Hériaud

Born 23 August 1936.

Graduate of the Angers higher institute of agricultural engineering.

Business address: CNP Assurances, 4 place Raoul Dautry, 75015 Paris, France.

CNP Assurances shares held as of 31 December 2011: 240.

DIRECTORSHIPS AND FUNCTIONS

Pierre Hériaud was a senior executive at Crédit Agricole before serving as a member of parliament for three terms and then as Chairman of the Supervisory Board of Caisse des dépôts et consignations. He was elected to the Board of Directors by the General Meeting of 22 April 2008 to replace Étienne Bertier for the remainder of his predecessor's term of office. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

ESA Group (Higher School of Agriculture) Angers, *director (term expired 26 January 2011).*

André Laurent Michelson

Born 10 February 1955.

Post-graduate degree in economics, graduate of HEC, *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: Caisse des dépôts et consignations, 56 rue de Lille, 75007 Paris, France.

After serving on the Supervisory Board of CNP Assurances since 4 April 2006, André Laurent Michelson was elected to the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

After occupying several high-level positions at the French Ministry of the Economy, Finance and Industry, André Laurent Michelson was Senior Executive Vice-President of the Savings Funds department from June 2003 to October 2010.

CNP Assurances shares held as of 31 December 2011: 296.

DIRECTORSHIPS AND FUNCTIONS

- Caisse des dépôts et consignations, *Company Secretary since 18 October 2010 and member of the Executive Committees of Caisse des dépôts et consignations and of the Group*.
- Informatique CDC (IEG), *Chairman.*

Alain Quinet

Born 11 September 1961.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: Réseau Ferré de France, 92 av. France, 75013 Paris, France.

Alain Quinet was elected to the Board of Directors by the General Meeting of 21 April 2009 to fill the seat left vacant by the resignation of Dominique Marcel. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He left his position as member of the Strategy Committee of CNP Assurances on 13 December 2011.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- Réseau Ferré de France (EPIC), *Deputy Managing Director since 15 December 2010.*
- Lyon-Turin Ferroviaire (SA), director.
- Icade (SA), director (his duties as member of the Strategy and Investments Committee expired in 2011).

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- CDC Entreprises Capital Investissement (SA), *Chairman and Chief Executive Officer, director (term expired 21 December 2009)*.
- Compagnie Nationale du Rhône (SA), *representative of Caisse des Dépôts and member of the Supervisory Board (term expired 29 June 2009).*
- Dexia (SA) (Belgium), *director (term expired November 2009).*
- Électricité Réseau Distribution France (SA), *member of the Supervisory Board (term expired 31 March 2008).*
- Réseau Ferré de France (EPIC), *director (term expired 31 March 2008).*
- Caisse des dépôts et consignations, *Director of Finance of Caisse des Dépôts, member of the Caisse des Dépôts and Group Management Committees (term expired 15 December 2010)*.
- Accor (SA), *director and member of the Audit Committee (term expired 5 May 2010).*
- CDC Infrastructure (SA), *Chairman of the Board of Directors, director (term expired 15 December 2010)*.
- CDC International (SA), *representative of Caisse des Dépôts, director (term expired 15 December 2010)*.
- Compagnie des Alpes (SA), *director (previously member of the Supervisory Board until 19 March 2009), member of the Strategy Committee and the Nominations and Remunerations Committee (term expired 15 December 2010)*.
- Egis (SA), *Chairman of the Board of Directors (term expired 15 December 2010)*.
- Eiffage (SA), *director and member of the Nominations and Remunerations Committee (term expired 17 December 2010).*
- Financière Transdev (SA), *Chairman and Chief Executive Officer, director (term expired 15 December 2010)*.
- Fonds stratégique d'investissement (FSI) (SA), *representative of Caisse des Dépôts, director and member of the Audit and Risk Committee, the Investments Committee and the Remunerations Committee (term expired 15 September 2010)*.
- Société Forestière de la Caisse des Dépôts (SA), *director (term expired 30 June 2010).*
- Transdev (SA), *representative of Financière Transdev, director (term expired 15 April 2010)*.

Franck Silvent

Born 1 August 1972.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: Compagnie des Alpes, 89 rue Escudier, 92772 Boulogne Billancourt, France.

After serving on the Supervisory Board of CNP Assurances since 25 April 2007, Franck Silvent was elected to the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He is a member of the Audit and Risk Committee.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- Compagnie des Alpes (SA), *Deputy Managing Director.*
- Centrale Investissement et Loisir (CIEL) (SAS), *Chairman (term expired 25 February 2011)*.
- Compagnie des Alpes – Financement (CDA-FI) (SNC), *representative of Compagnie des Alpes, legal manager.*
- Compagnie du Mont-Blanc (CMB) (SA), *director*.
- Compagnie Immobilière des 2 Savoie (CI2S) (SAS), *Chairman*.
- Grévin et Compagnie (SA), *representative of Compagnie des Alpes, director.*
- Lafuma (SA), *director.*
- Musée Grévin (SA), *representative of Compagnie des Alpes, director (term expired 11 March 2011)*.
- SwissAlp, *director*.
- Société du Parc du Futuroscope (SA), *member of the Supervisory Board (since 14 January 2011).*
- Looping Holding (SAS), *member of the Supervisory Board (since 31 January 2011).*
- Valbus (SAS), *representative of Compagnie des Alpes-Domaines Skiables, director).*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Belpark BV (Belgium), *representative of Compagnie des Alpes, director (term expired 20 January 2009)*.
- Caisse Nationale des Caisses d'Epargne (CNCE) (SA), *member of the Supervisory Board (term expired 19 July 2006).*
- CDC Holding Finance (SA), *representative of Caisse des dépôts et consignations, director and Chief Executive Officer*.
- Compagnie des Alpes Domaines Skiables (CDA-DS) (SAS), *Chairman of the Supervisory Board (term expired 31 July 2008).*
- Compagnie Financière de Loisirs (COFILO) (SAS), *Chairman (term expired 26 January 2009)*.
- Domaine Skiable de Flaine (DSF) (SA), *member of the Supervisory Board (term expired 2 October 2009)*.
- Domaine Skiable du Giffre (DSG) (SA), *member of the Supervisory Board (term expired: 2 October 2009)*.
- Premier Financial Services (PFS) (Belgium), *director (term expired 20 January 2009)*.
- Safari Africain de Port Saint Père (SA), *representative of Compagnie des Alpes, director (term expired 27 January 2009)*.
- Société Nationale Immobilière (SNI) (SAEM), *member of the Supervisory Board, Chairman of the Audit Committee (term expired 10 June 2006).*

Jean-Paul Bailly

Born 29 November 1946.

Graduate of *École polytechnique*, Master of Science in Management.

Business address: La Poste, 44 boulevard Vaugirard, 75015 Paris, France.

After serving as Vice-Chairman on the Supervisory Board of CNP Assurances since November 2002, Jean-Paul Bailly was elected to the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He is also a member of the Remuneration and Nominations Committee.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- La Poste (SA), *Chairman and Chief Executive Officer*.
- Accor (SA), *director and member of the Audit and Risk Committee and the Compensation, Appointments and Corporate Governance Committee.*
- Edenred (SA), *director and member of the Commitments Committee and the Audit and Risk Committee.*
- GDF Suez, *representative of the French State, director and member of the Ethics, Environment and Sustainable Development Committee.*
- Geopost (SA), *representative of La Poste, director*.
- La Banque Postale (SA), *Chairman of the Supervisory Board and member of the Nominations and Remunerations Committee.*
- La Banque Postale Asset Management (SA), *member of the Supervisory Committee.*
- Poste Immo (SA), *representative of La Poste, director.*
- Sofipost (SA), *representative of La Poste, director.*
- Sopassure (SA), *director.*
- Xelian (SA), *representative of La Poste, director.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Groupement des Commerçants du CCR Grand Var (EIG), *representative of La Poste, member (term expired 2006)*.
- SF 2 (SA), *representative of La Banque Postale, director (term expired 11 April 2008).*
- SF 12 (SAS), *representative of La Poste, Chairman (term expired 25 June 2008)*.
- Systar (SA), *director, (term expired 2 December 2010)*.

François Pérol

Born 6 November 1963.

Graduate of HEC, *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: BPCE, 50 avenue Pierre Mendès-France, 75013 Paris, France.

François Pérol was elected to the Board of Directors by the General Meeting of 21 April 2009 to fill the seat left vacant by the resignation of Charles Milhaud. His current term expires at the Annual General Meeting to be called in 2014 to approve the 2013 financial statements.

He is also a member of the Remuneration and Nominations Committee.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- BPCE (SA), *Chairman of the Executive Board.*
- BPCE International et Outre-Mer (BPCE IOM) (SA), *Chairman of the Board of Directors.*
- CE Holding Promotion (SAS), *Chairman*.
- Crédit Immobilier et Hôtelier (CIH) (Morocco), *Vice-Chairman of the Board of Directors.*
- Crédit Foncier de France (CFF) (SA), *Chairman of the Board of Directors*.
- Fédération Bancaire Française, *Chairman of the Board of Directors and Vice-Chairman of the Executive Committee (term expired 1 September 2011)*.
- Fondation des Caisses d'Epargne pour la Solidarité, *Chairman of the Board of Directors (term expired 9 March 2011)*.
- Foncia Groupe (SA), *Chairman of the Supervisory Board (term expired 28 July 2011).*
- Musée d'Orsay, *director*.
- Natixis, *Chairman of the Board of Directors*.
- SCI Ponant Plus, permanent representative of BPCE, *legal manager.*
- SNC Bankéo, permanent representative of BPCE, *legal manager*.
- Sopassure, *director.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- French Presidency, *Deputy Secretary-General (2007-2008).*
- Rothschild & Cie, *Managing partner (2006)*.
- Caisse Nationale des Caisses d'Epargne (CNCE) (SA), *Chairman of the Executive Board (term expired 31 July 2009)*.
- Banque Fédérale des Banques Populaires (BFBP), *Chief Executive Officer (term expired 31 July 2009)*.
- Banques Populaires Participations (SA), *Chief Executive Officer and director (term expired 5 August 2010)*.
- Caisse d'Epargne Participations (SA), *Chief Executive Officer and director (term expired 5 August 2010)*.

Marc-André Feffer

Born 22 December 1949.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: La Poste, 44 boulevard Vaugirard, 75015 Paris, France.

After representing Sopassure on the Supervisory Board of CNP Assurances since 9 March 2004, Marc-André Feffer became Sopassure's permanent representative on the Board of Directors on 10 July 2007.

He is also a member of the Strategy Committee.

Sopassure was elected to the Board of Directors by the General Meeting of 10 July 2007. Its current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares held as of 31 December 2011: 400.

DIRECTORSHIPS AND FUNCTIONS

- La Poste (SA), *Deputy Managing Director responsible for strategy and development, legal and international affairs and regulation.*
- Geopost (SA), *director.*
- Hypios (SAS), *director (term expired June 2011)*.
- La Banque Postale (SA), *Vice-Chairman of the Supervisory Board and Chairman of the Strategy Committee.*
- Poste Immo (SA), *Chairman of the Board of Directors.*
- Sopassure (SA), *director, formerly Chairman and Chief Executive Officer until 28 March 2011).*
- Xange Capital (SA), *Chairman of the Supervisory Board.*
- Xelian (SA), *non-voting director.*
- Véhiposte (SAS), *member of the Supervisory Board (since 8 March 2011).*
- Sofipost (SA), *non-voting director since 15 June 2011.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- GeoPost Intercontinental (SAS), *member of the Supervisory Board (term expired 9 July 2010).*

Olivier Klein

Born 15 June 1957.

Graduate of ENSAE and HEC (Finance).

Business address: BPCE, 50 avenue Pierre Mendès-France, 75013 Paris, France.

Olivier Klein was elected to the Board of Directors by the General Meeting of 29 July 2010 to fill the seat left vacant by the resignation of Alain Lemaire. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He is also a member of the Audit and Risk Committee and the Strategy Committee.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- BPCE (SA), *member of the Executive Board, Chief Executive Officer (commercial banking and insurance)*.
- Banque Palatine (SA), *Chairman of the Supervisory Board (since September 2011).*
- Banque Privée 1818 (SA), *director*.
- BPCE International et Outre-Mer (BPCE IOM) (SA), *director*.
- Crédit Foncier de France (SA), *director*.
- Ecureuil Vie Développement (SAS), *representative of BPCE on the Board of Directors.*
- ENS (Lyon), *director*.
- GCE Business Services (EIG), *representative of BPCE, member of the Supervisory Board (term expired 1 March 2011)*.
- GCE Capital (EIG), *member of the Supervisory Board.*
- i-BP, *director.*
- Natixis (SA), *director.*
- Neptune Technologies (SA), *director*.
- SOCFIM (SA), *Chairman of the Supervisory Board*.
- Sopassure (SA), *director.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Groupe Caisse d'Epargne – Caisse Ile-de-France Ouest, *Chairman of the Executive Board (term expired 2006).*
- Terrae (SNC), *representative of CERA, legal manager (term expired 2008)*.
- Caisse d'Epargne et de Prévoyance Rhône-Alpes (CERA) (Cooperative SA), *Chairman of the Executive Board (term expired 30 June 2010).*
- Coface (SA), *director, (term expired 30 September 2010)*.
- Compagnie des Alpes (SA), *representative of CE Participations, director (term expired 28 July 2010)*.
- Natixis Consumer Finance, *director, (term expired 30 September 2010)*.
- Natixis Financement (SA), *director, (term expired 30 September 2010)*.
- Natixis Global Asset Management (SA), *director (term expired 30 September 2010)*.
- Rhône Alpes PME Gestion (SA), *Chairman of the Board of Directors (term expired September 2010)*.
- Société des Trois Vallées (SAEM), *representative of CERA on the Supervisory Board (term expired July 2010)*.

Philippe Wahl

Born 11 March 1956.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*, postgraduate degree in economics.

Business address: La Banque Postale, 115 rue de Sèvres, 75275 Paris Cedex 06, France.

Philippe Wahl, co-opted by the Board of Directors on 22 February 2011, was appointed by the General Meeting of 6 May 2011 to fill the seat left vacant by the resignation of Patrick Werner on 18 January 2011. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

He is a member of the Strategy Committee.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- La Banque Postale (SA), *Chairman of the Executive Board (since 18 January 2011)*.
- La Poste (SA), *Executive Vice-President, Director of Financial Services.*
- CRSF DOM (SCI), *representative of La Banque Postale, legal manager (since 18 January 2011)*.
- CRSF Métropole (SCI), *representative of La Banque Postale, legal manager (since 18 January 2011)*.
- Fonds de Garantie des Dépôts (Guarantee fund), *member of the Supervisory Board.*
- La Banque Postale Asset Management (SA), *Chairman of the Supervisory Board (since 15 March 2011)*.
- La Banque Postale Gestion Privée (SA), *Chairman of the Supervisory Board (since 10 February 2011)*.
- La Banque Postale Assurances Iard (SA), *Chairman of the Board of Directors and member of the Nomination and Remuneration Committee (since 4 March 2011).*
- La Banque Postale Financement (SA), *member of the Supervisory Board since 8 July 2011 and Chairman of the Supervisory Board from 8 July 2011 to 6 October 2011)*.
- La Banque Postale Assurance Santé (SA), *Chairman of the Board of Directors (since 19 January 2011)*.
- La Banque Postale Prévoyance (SA), *Chairman of the Board of Directors (since 1 March 2011), member of the Finance Committee and of the Nomination and Remuneration Committee (since 15 June 2011).*
- Monnet Project (Belgian association), *member of the Supervisory Board and member of the Audit Committee.*
- Paris Europlace (association), *member of the Board.*
- SF2 (SA), *Chief Executive Officer and Chairman of the Board (since 20 January 2011).*
- Sopassure (SA), *representative of SF2, director (since 10 February 2011)*.
- Société Financière de Paiements (SAS), *Vice-Chairman of the Supervisory Board (since 10 March 2011)*.
- Xange Private Equity (SA), *Chairman and member of the Supervisory Board from 21 February 2011 to 6 December 2011.*

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Ramon Fernandez

Born 25 June 1967.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: Ministère de l'Économie, des Finances et de l'Industrie – Direction générale du Trésor, 139 rue de Bercy, 75572 Paris Cedex 12, France.

Appointed as the French State's representative on the Board of Directors of CNP Assurances by ministerial order of 30 April 2009.

The French State was elected to the Board of Directors by the General Meeting of 10 July 2007. Its current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

DIRECTORSHIPS AND FUNCTIONS

- French Treasury, *Chief Executive Officer*.
- Agence de coopération technique internationale, *director*
- French Treasury Agency, *Chairman*.
- European Bank for Reconstruction and Development, *Deputy Governor on behalf of the French State*.
- International Bank for Reconstruction and Development, *Deputy Governor on behalf of the French State*.
- World Bank, *Deputy Governor on behalf of the French State*.
- CADES, *French State's representative, director*.
- Caisse des dépôts et consignations, *member of the Supervisory Board, member of the Accounts Review and Risk Committee and the Savings Funds Committee.*
- Club de Paris, *Chairman*.
- Advisory Committee on Financial Legislation and Regulation, *Chairman*.
- Sanctions Commission of the AMF, *French State's representative*.
- Conseil d'analyse économique, *member*.
- GDF Suez (SA), *French State's representative, member of the Nominations Committee.*
- African Development Bank, *Governor on behalf of the French State*.
- Haut Conseil pour l'avenir de l'assurance maladie, *member*.
- Société de financement de l'économie française, *director*.

DIRECTORSHIPS AND FUNCTIONS HELD IN 2010

- Central Bank of West African States, *director.*
- BPCE (SA), *French State's representative, member of the Supervisory Board, member of the Remunerations and Nominations Committee.*

Philippe Baumlin

Born 16 June 1957.

Degree in management technology.

Business address: CNP Assurances, 4 place Raoul Dautry, 75015 Paris, France.

Regional Delegate of CNP Assurances (Midi-Pyrénées region).

After serving on the Supervisory Board of CNP Assurances since 8 June 2004, Philippe Baumlin was elected to the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares held as of 31 December 2011: 1,396.

DIRECTORSHIPS AND FUNCTIONS

- FCPE Actions CNP, *Chairman of the Supervisory Board.*
- Union Générale de Retraite des Cadres (UGRC), *director*.

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Norpierre 2 (SCPI), *member of the Supervisory Board (term expired in 2007 when the SCPI was wound up)*.

Marcia Campbell

Born 30 March 1959.

Degree in French, Business and History of Art from the University of Edinburgh. MBA from the Open University.

Business address: CNP Assurances, 4 place Raoul Dautry, 75015 Paris, France.

Marcia Campbell, co-opted by the Board of Directors on 22 February 2011, was appointed by the General Meeting of 6 May 2011 to fill the seat left vacant by the resignation of Antonio Borgès. Her current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

She is a member of the Audit and Risk Committee.

CNP Assurances shares held as of 31 December 2011: 750.

DIRECTORSHIPS AND FUNCTIONS

- Ignis Asset management (subsidiary of Phoenix Group plc), *Director of Operations.*
- Scottish Business in the Community (charitable institution), *director.*
- Barnardos Scotland (charitable institution), *member of the Board (term expired 2011).*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Standard Life Plc, *Director of Operations (2004 to 2010) and Chairwoman and Chief Executive Officer of Asia-Pacific (2006 to 2010).*
- Queen Margaret's University, *director (2002 to 2008).*
- Financial Services Skills Council, *director (2002 to 2008).*
- HDFC Standard Life, *director and member of the Audit and Remuneration Committee (2006 to 2010).*
- Heng An Standard Life 2010, *director and Chairwoman of the Audit Committee (2006 to 2010)*.
- Standard Life Asia, *director and member of the Audit Committee (2006 to 2010)*.
- Standard Life Ethical Fund, *Chair of the Committee supervising ethical funds investments (2002 to 2010)*.

Stéphane Pallez

Born 23 August 1959.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*.

Business address: Caisse centrale de réassurance, 31 rue de Courcelles, 75008 Paris, France.

Stéphane Pallez, co-opted by the Board of Directors on 5 April 2011, was appointed by the General Meeting of 6 May 2011 to fill the seat left vacant by the resignation of Tommaso Padoa-Schioppa. Her current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

She is the Chair of the Audit and Risk Committee.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- Caisse centrale de réassurance (SA), *Chairwoman and Chief Executive Officer*.
- Crédit Agricole CIB (SA) (formerly Calyon), *director*.
- France Télécom Orange, *Deputy Chief Financial Officer at France Télécom Orange, responsible for financing and treasury strategy, cash management, tax, audit, risk management, internal control, fraud prevention, and financial reporting. Chair of the Treasury and Financing Committee, the Tax Committee and the Disclosure Committee and member of the Group's Investments Committee and Risks Committee (April 2004 to April 2011).*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Paris-Europlace, *reporter of the Collège Entreprises.*

Henri Proglio

Born 29 June 1949.

Graduate of HEC.

Business address: EDF, 22-30 avenue de Wagram, 75008 Paris, France.

After serving on the Supervisory Board of CNP Assurances since 7 June 2005, Henri Proglio was elected to the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements. He is a member of the Strategy Committee and Chairman of the Remuneration and Nominations Committee.

CNP Assurances shares held as of 31 December 2011: 400.

DIRECTORSHIPS AND FUNCTIONS

- EDF (SA), *Chairman and Chief Executive Officer.*
- EDF Energy Holdings Ltd, *Chairman (since 8 March 2010).*
- EDF Energies Nouvelles (SA), *director (since 21 September 2011)*.
- EDF International (SA), *director (from 6 December 2010 to 2 May 2011), then director of EDF International (SAS) since 2 May 2011).*
- Association Electra, *Chairman of the Board of Directors (since 28 April 2010).*
- French Alternative Energies and Atomic Energy Commission, *member (since 25 November 2009).*
- National Committee for Sectors of Activity of Vital Importance (CNSAIV), *member (since 8 December 2009)*.
- Dassault Aviation (SA), *director (since 23 April 2010)*.
- Edison Spa, *director (since 8 February 2010)*.
- Fondation EDF Diversiterre, *Chairman of the Board of Directors (since 18 June 2010)*.
- European foundation for tomorrow's energies, *director (since 1 June 2010).*
- Fomento de Construcciones y Contratas SA (Fcc) (Spain), *director (since 27 May 2010).*
- French high Committee for transparency and information on nuclear safety (HCTISN), *member (since 25 November 2009).*
- Transalpina Di Energia, *Chairman of the Board of Directors (since 8 February 2010)*.
- Veolia Eau (SCA), *member of the Supervisory Board since 30 December 2009, formerly non-partner legal manager until 27 November 2009.*
- Veolia Environnement (SA), *director since 30 April 2003, formerly Chairman and Chief Executive Officer*.
- Veolia Propreté (SA), *Chairman of the Board of Directors until 23 March 2011, director (since 21 November 1980)*.
- Veolia Transport (SA), *Chairman of the Board of Directors and director until 23 March 2011.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- Caisse Nationale des Caisses d'Epargne (CNCE) (SA), *non-voting director (term expired 31 July 2009).*
- Campus Veolia Environnement (SAS), *Chairman (term expired 27 November 2009).*
- Casino Guichard-Perrachon (SA), *director, (term expired 9 June 2008).*
- Dalkia (SAS), *member of the A and B Supervisory Boards (term expired 23 March 2010).*
- Dalkia France (SCA), *member and Chairman of the Supervisory Board (term expired 27 November 2009).*
- Dalkia International (SA), *director, (term expired 27 November 2009).*
- EDF Energy UK, *Chairman of the Board of Directors (from 8 March 2010 to 26 November 2010).*
- Elior (SCA), *member of the Supervisory Board (term expired 29 March 2007).*
- EOLFI (SA), *Chairman of the Supervisory Board (from 6 April 2009 to 27 November 2009).*
- Lagardère (SCA), *member of the Supervisory Board (term expired 16 November 2009).*
- Natixis (SA), *director, formerly member of the Supervisory Board until 30 April 2009).*
- SARP (SA), *director (term expired October 2006)*.
- SARP Industries (SA), *director (term expired 19 October 2009).*
- Siram (Italy), *director (term expired 27 November 2009).*
- Société des Eaux de Marseille (SA), *director (term expired 27 November 2009).*
- Thales (SA), *director (term expired 12 February 2007).*
- Veolia Env. North America Operations (USA), *director (term expired 13 September 2010).*
- Veolia Env. Serv. Asia (Singapore), *director (term expired 19 July 2007).*
- Veolia Env. Serv. Australia (Australia), *director (term expired 19 October 2009).*
- Veolia Env. Serv. North America Corp. (USA), *director (term expired 19 October 2009).*
- Veolia Env. Serv. UK (United Kingdom), *director (term expired 27 November 2009).*
- Veolia Transport Australasia (formerly Veolia Transport Australia) (Australia), *director (term expired 19 October 2009)*.
- Veolia Transport Northern Europe (Sweden), *director (term expired 2 September 2009)*.
- Veolia Water (SA), *Chairman of the Board of Directors (term expired 27 November 2009).*

Pierre Garcin

Born 8 February 1960.

Graduate of *École Centrale de Paris*.

Business address: BPCE, 50 avenue Pierre Mendès-France, 75013 Paris, France.

Pierre Garcin, co-opted by the Board of Directors on 7 October 2010, was appointed as a non-voting director by the General Meeting of 6 May 2011 to fill the seat left vacant by the resignation of Paul Le Bihan. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares held as of 31 December 2011: 200.

DIRECTORSHIPS AND FUNCTIONS

- BPCE (SA), *Director of Insurance for BPCE Group*.
- Assurances BP IARD (SA), *representative of BPCE, director*.
- BPCE Assurances (SA), *Chairman of the Board of Directors*.
- CEMM (SAS), *director*.
- Ecureuil Vie Développement (SAS), *director*.
- Fongépar (SA), *representative of BPCE, director*.
- Natixis Assurances (SA), *representative of BPCE, director*.
- Natixis Assurances Partenaires (SA), *director*.
- Natixis Assurances Production Services (formerly GCE Assurances Production Services) (SAS), *member of the Supervisory Board.*
- GIE Partenariat CEMM (EIG), *representative of BPCE, sole director and member of the Partnership Committee*.
- Holassure (SAS), *Chairman*.
- Muracef (mutual insurer), representative of BPCE, *director*.
- Serena (SA), *Vice-Chairman of the Supervisory Board*.
- SOCRAM Banque (SA), *representative of BPCE, director*.
- Sopassure (SA), *director*.
- Surassur (SA), *Chairman of the Board of Directors*.

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- CGE Courtage (SAS), *Chairman of the Board of Directors (term expired 1 January 2010).*

Jacques Hornez

Born 19 July 1950.

Business address: MGEN, 3 square Max Hymans, 75015 Paris, France.

After serving on the Supervisory Board of CNP Assurances since September 2002, Jacques Hornez was elected as non-voting member of the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares held as of 31 December 2011: 212.

DIRECTORSHIPS AND FUNCTIONS

- MGEN, *director.*
- Arts et Vie (Non-profit organisation), *director*.
- Casden Banque Populaire (Cooperative SA with a Board of Directors), *director*.
- Conseil national du Crédit Coopératif, *director*.
- EGAMO (SA), *director, previously Chairman of the Board of Directors*.
- Fructipierre (SCPI) (formerly Parnasse Immo), *representative on the Supervisory Board*.
- GAIA, *Chairman of the Supervisory Board*.
- MGEN Action Sanitaire et Sociale, *director*.
- MGEN Centres de santé, *director*.
- MGEN Filia, *director*.
- MGEN Union, *director*.
- MGEN Vie, *director*.
- Parnasse MAIF (SA), *director*.
- Système Fédéral de Garantie (SFG), *Senior Vice-President.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- CCOMCEN (IEG), *director, (term expired 2008).*
- Filia MAIF (SA), *non-voting director (term expired 2007).*
- MGEN, *Treasurer, then Vice-Chairman.*
- MMC Titrisation (SICAV), *director (term expired September 2007)*.
- Multi Gestion EGAMO (SICAV), *Chairman*.
- Natexis Convertibles Europe (SICAV), *director (term expired 2008).*
- Norden (SICAV), *director, (term expired 2008).*
- Observatoire de l'Enfance en France (GIE), *director*.
- Philgen (SCI), *co-legal manager*.
- Union Nationale de la Réassurance de la Mutualité Française (UNRMF), *director*.

Jean-Louis de Mourgues

Born 7 May 1947.

Graduate of *Institut d'études politiques de Paris* and *École nationale d'administration*, postgraduate degree in public law.

Business address: CNP Assurances, 4 place Raoul Dautry, 75015 Paris, France.

After serving as a non-voting member of the Supervisory Board of CNP Assurances since 19 September 1998, Jean-Louis de Mourgues was elected as a non-voting member of the Board of Directors by the General Meeting of 10 July 2007. His current term expires at the Annual General Meeting to be called in 2012 to approve the 2011 financial statements.

CNP Assurances shares held as of 31 December 2011: 212.

DIRECTORSHIPS AND FUNCTIONS

- Allianz (SA) (formerly AGF), *advisor to General Management.*

DIRECTORSHIPS AND FUNCTIONS HELD IN THE PERIOD 2006 TO 2010

- AG2R, *general representative (term expired 2007).*
- AGICAM (SA) (formerly AG2R Gestion d'actifs), *Chairman of the Supervisory Board*.
- Arial Assurance (SA), *Chairman of the Supervisory Board (term expired July 2007).*
- La Mondiale (SA), *Chairman of the Board of Directors (term expired 20 February 2008)*.
- La Mondiale Participation (SA), *director*.
- Natexis Obli Première (SICAV), *Chairman of the Board of Directors (term expired September 2008).*

2.4. REMUNERATION

2.4.1. Remuneration of corporate officers of CNP Assurances

CNP Assurances uses the AFEP-MEDEF Corporate Governance Code for listed companies, and in particular its recommendations of 6 October 2008 concerning the remuneration paid to executive corporate officers.

In order to improve clarity and comparability, CNP Assurances uses the standardised format recommended by AFEP-MEDEF and the AMF for the disclosure of information concerning the remuneration of executive corporate officers.

TABLE 1

REMUNERATION (GROSS) PAYABLE AND STOCK OPTIONS AND SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER *(IN €)*

Edmond Alphandéry, Chairman of the Board of Directors	2010	2011
Remuneration payable for the year *(see breakdown in Table 2)*	452,223	456,141
Valuation of stock options granted over the year *(Table 4)*	No stock options granted	No stock options granted
Valuation of performance shares granted over the year *(Table 6)*	No performance shares granted	No performance shares granted
TOTAL	**452,223**	**456,141**

Gilles Benoist, Chief Executive Officer	2010	2011
Remuneration payable for the year *(see breakdown in Table 2)*	1,030,830	1,030,769
Valuation of stock options granted over the year *(Table 4)*	No stock options granted	No stock options granted
Valuation of performance shares granted over the year *(Table 6)*	No performance shares granted	No performance shares granted
TOTAL	**1,030,830**	**1,030,769**

TABLE 2

REMUNERATION (GROSS) OF EACH CORPORATE OFFICER *(IN €)*

Edmond Alphandéry, Chairman of the Board of Directors	2010		2011	
	Payable[(1)]	Paid[(2)]	Payable[(1)]	Paid[(2)]
Salary	380,000	380,000	380,000	380,000
Bonus	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees	72,223	71,169	76,141	70,041
Benefits in kind	None	None	None	None
TOTAL	**452,223**	**451,169**	**456,141**	**450,041**

Gilles Benoist, Chief Executive Officer	2010		2011	
	Payable[(1)]	Paid[(2)]	Payable[(1)]	Paid[(2)]
Salary	580,000 (of which 380,000 as an employee and 200,000 as a corporate officer)	580,000 (of which 380,000 as an employee and 200,000 as a corporate officer)	580,000 (of which 380,000 as an employee and 200,000 as a corporate officer)	580,000 (of which 380,000 as an employee and 200,000 as a corporate officer)
Bonus	319,000 (of which 209,000 as an employee and 110,000 as a corporate officer)	319,000 (of which 209,000 as an employee and 110,000 as a corporate officer)	319,000 (of which 209,000 as an employee and 110,000 as a corporate officer)	319,000 (of which 209,000 as an employee and 110,000 as a corporate officer)
Exceptional remuneration	0	0	0	0
Directors' fees	123,915	118,254	123,505	128,615
Benefits in kind	7,915	7,915	8,263	8,263
TOTAL	**1,030,830**	**1,025,169**	**1,030,769**	**1,035,879**

(1) *The "Payable" columns indicate the remuneration granted to each executive corporate officer for the duties performed for each year concerned, regardless of the payment date.*

(2) *The "Paid" columns show the total remuneration paid to each executive corporate officer for the duties performed for each of the periods.*

Additional information on Edmond Alphandéry's remuneration

The Chairman does not receive any benefits in kind. He is provided with a company car to carry out his duties.

DIRECTORS' FEES

2010	2011
The directors' fees "Payable" in 2010 (€72,223) correspond to the amounts granted based on decisions taken by the governing bodies of: ■ CNP Assurances (€42,600 of which €24,350 paid in 2010 for the first half of 2010 and €18,250 paid in 2011 for the second half of 2010); ■ Subsidiaries CAIXA Seguros (€22,583) and CNP UniCredit Vita (€7,040). The directors' fees "Paid" in 2010 (€71,169) correspond to the amounts received from: ■ CNP Assurances (€41,850 of which €17,500 for the second half of 2009 and €24,350 for the first half of 2010); ■ Subsidiaries CAIXA Seguros (€22,583) and CNP UniCredit Vita (€6,736).	The directors' fees "Payable" in 2011 (€76,141) correspond to the amounts granted based on decisions taken by the governing bodies of: ■ CNP Assurances (€45,650 of which €21,300 paid in 2011 for the first half of 2011 and €24,350 paid in 2012 for the second half of 2011); ■ Subsidiaries CAIXA Seguros (€23,477) and CNP UniCredit Vita (€7,014). The directors' fees "Paid" in 2011 (€70,041) correspond to the amounts received from: ■ CNP Assurances (€39,550 of which €18,250 for the second half of 2010 and €21,300 for the first half of 2011); ■ Subsidiaries CAIXA Seguros (€23,477) and CNP UniCredit Vita (€7,014).

Additional information on Gilles Benoist's remuneration

SALARY AND BONUS

The Chief Executive Officer receives a fixed salary and a variable bonus linked to the overall performance of the Company and the achievement of certain objectives set at the beginning of each year. The variable bonus ranges from 0% to 80% of his salary.

Based on the recommendation of the Remuneration and Nominations Committee, the Board of Directors determines the Chief Executive Officer's bonus by reference to general and individual objectives, as follows:

- general objectives – which also apply to the Deputy Chief Executive Officers and determine the portion of the variable bonus representing the equivalent of up to 56% of each individual's salary – are based on three criteria related to productivity gains, as measured by the ratio of administrative expenses to net insurance revenue, the growth in net recurring income, and market-consistent embedded value;
- individual objectives, which determine the portion of the variable bonus representing the equivalent of up to 24% of the Chief Executive Officer's salary, are recommended to the Remuneration and Nominations Committee by the Chairman and validated by the Board of Directors. The objectives used to determine the bonus for 2011, set in February 2011, related to:
  - market share recovery in France;
  - investment portfolio in line with sovereign debt;
  - continued implementation of the different strategies of CNP Assurances in 2010-2014;
  - progress on projects related to CNP Assurances' Solvency II compliance;
  - achievement of sustainable development objectives adopted by the Board;
  - carrying out the subsidiaries' business plans.

DIRECTORS' FEES

2010	2011
The directors' fees "Payable" in 2010 (€123,915) correspond to the amounts granted based on decisions taken by the governing bodies of: ▪ CNP Assurances (€30,400 of which €15,200 paid in 2010 for the first half of 2010 and €15,200 paid in 2011 for the second half of 2010); ▪ Subsidiaries CAIXA Seguros (€22,583) and CNP UniCredit Vita (€7,014); ▪ Dexia (€29,294) and Suez Environnement Cie (€34,624). The directors' fees "Paid" in 2010 (€118,254) correspond to the amounts received from: ▪ CNP Assurances (€26,600 of which €11,400 for the second half of 2009 and €15,200 for the first half of 2010); ▪ Subsidiaries CAIXA Seguros (€22,583) and CNP UniCredit Vita (€7,014); ▪ Dexia (€29,294) and Suez Environnement Cie (€32,763).	The directors' fees "Payable" in 2011 (€123,505) correspond to the amounts granted based on decisions taken by the governing bodies of: ▪ CNP Assurances (€30,400 of which €15,200 paid in 2011 for the first half of 2011 and €15,200 paid in 2012 for the second half of 2011); ▪ Subsidiaries CAIXA Seguros (€23,477) and CNP UniCredit Vita (€7,014); ▪ Dexia (€33,114) and Suez Environnement Cie (€29,500). The directors' fees "Paid" in 2011 (€128,615) correspond to the amounts received from: ▪ CNP Assurances (€30,400 of which €15,200 for the second half of 2010 and €15,200 for the first half of 2011); ▪ Subsidiaries CAIXA Seguros (€23,477) and CNP UniCredit Vita (€7,014); ▪ Dexia (€33,114) and Suez Environnement Cie (€34,610).

BENEFITS IN KIND

The Chief Executive Officer benefits from CNP Assurances' matching payment to the life insurance plan set up on behalf of all employees of the Company, representing €1,978.80 in 2010 and €2,327.76 in 2011. In 2011, he also had a company car in connection with his duties (€5,935.92).

TABLE 3

DIRECTORS' FEES

Members of the Board of Directors	Fees paid in 2010 (in €) In respect of the second-half of 2009	Fees paid in 2010 (in €) In respect of the first-half of 2010	Fees paid in 2011 (in €) In respect of the second-half of 2010	Fees paid in 2011 (in €) In respect of the first-half of 2011	Paid to
Edmond Alphandéry*	17,500	24,350	18,250	21,300	Edmond Alphandéry
Gilles Benoist	11,400	15,200	15,200	15,200	Gilles Benoist
Marc-André Feffer (Sopassure)*	14,450	17,500	18,250	18,250	Sopassure
Jean-Paul Bailly*	10,650	6,850	3,800	6,850	Sopassure
Patrick Werner*	20,550	20,550	27,400	3,050	Sopassure
Philippe Wahl*			–	14,450	Sopassure
François Pérol*	10,650	10,650	3,800	6,850	Sopassure
Alain Lemaire*	23,600	9,900	–	–	Sopassure
Olivier Klein*	–	11,400	10,650	20,550	Sopassure
Augustin de Romanet (Caisse des dépôts et consignations)*	13,700	13,700	8,350	20,550	Caisse des dépôts et consignations
Alain Quinet*	7,600	14,450	10,650	15,200	Caisse des dépôts et consignations/ Alain Quinet
Jérôme Gallot	7,600	15,200	–	–	Caisse des dépôts et consignations
Antoine Gosset-Grainville*	–	–	15,200	11,400	Caisse des dépôts et consignations
André Laurent Michelson	3,800	15,200	7,600	7,600	Caisse des dépôts et consignations
Franck Silvent*	16,750	14,450	19,800	17,500	Caisse des dépôts et consignations
Ramon Fernandez (the French State)	7,600	11,400	3,800	7,600	French Treasury
Pierre Hériaud	11,400	15,200	15,200	18,250	Pierre Hériaud
Henri Proglio*	17,500	13,700	7,600	17,500	Henri Proglio
Tommaso Padoa-Schioppa*	29,700	17,500	32,750	–	Tommaso Padoa-Schioppa
Stéphane Pallez*	–	–	–	13,700	Stéphane Pallez
Antonio Borgès*	10,650	18,250	11,400	–	Antonio Borgès
Marcia Campbell	–	–	–	14,450	Marcia Campbell
Philippe Baumlin(1)	11,400	15,200	15,200	15,200	Philippe Baumlin
Jacques Hornez (non-voting director)	3,800	7,600	7,600	7,600	MGEN/Jacques Hornez
Paul Le Bihan (non-voting director)	11,400	15,200	3,800	–	Paul Le Bihan
Pierre Garcin (non-voting director)	–	–	11,400	11,400	Pierre Garcin
Jean-Louis de Mourgues (non-voting director)	11,400	15,200	15,200	15,200	Jean-Louis de Mourgues
Sub-total	**273,100**	**318,650**	**282,900**	**299,650**	
TOTAL	**591,750**		**582,550**		

* *Also a member of a committee of the Board.*

(1) *Philippe Baumlin decided to pay his total fees to CDC Tiers-Monde, a charity operating in developing countries.*

Additional information on directors' fees

The total fees awarded to the Board of Directors by the Annual General Meeting of 21 April 2009 (for 2008 and subsequent years) amount to €721,650. Based on the recommendations of the Remuneration and Nominations Committee and the notifications received by the Company, directors' fees for 2011 were allocated as follows: the fee per Board meeting was set at €3,800 and the fee per meeting of the committees of the Board (Audit Committee, Strategy Committee and Remuneration and Nominations Committee) at €3,050. These fees were paid to the directors in accordance with the notifications of the corporate officers received by the Company.

These amounts are gross of withholding tax for directors not resident in France for tax purposes.

The fee allocated to Tommaso Padoa-Schioppa and Stéphane Pallez was double the amount allocated to the other members of the Audit and Risk Committee by virtue of their chairmanship of that committee.

Beginning in 2008, the Board of Directors' meeting held on 18 December 2007 decided to pay directors' fees for each half year as follows: the first payment is for the Board and the committee meetings held during the first half of the year and is made at the end of the first half; the second payment is for meetings held during the second half of the year and is made at the beginning of the following year.

TABLE 4*

STOCK OPTIONS GRANTED DURING THE YEAR TO EACH EXECUTIVE CORPORATE OFFICER

Stock options granted to each executive corporate officer by the issuer and by all Group companies (list of names)	Plan no. and date	Type of stock options (purchase or subscription)	Valuation of stock options based on the method used for the consolidated financial statements	Number of stock options granted during the year	Exercise price	Exercise period
Not applicable	Not applicable	Not applicable	Not applicable	None	Not applicable	Not applicable

TABLE 5*

STOCK OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE CORPORATE OFFICER

Stock options exercised by executive corporate officers (list of names)	Plan no. and date	Number of stock options exercised during the year	Exercise price	Year granted
None	None	None	None	None

TABLE 6*

PERFORMANCE SHARES GRANTED TO EACH EXECUTIVE CORPORATE OFFICER

Performance shares granted during the year to each executive corporate officer by the issuer and by all Group companies (list of names)	Plan no. and date	Number of shares granted during the year	Valuation of shares based on the method used for the consolidated financial statements	Vesting date	Availability date
	Not applicable	None	Not applicable	Not applicable	Not applicable

* *Tables 4 to 9: to date, there are no stock option or performance share plans for any CNP Assurances senior executives or employees.*

TABLE 7*

PERFORMANCE SHARES THAT BECAME AVAILABLE DURING THE YEAR FOR EACH EXECUTIVE CORPORATE OFFICER

Executive corporate officers for whom performance shares became available (list of names)	Plan no. and date	Number of shares that became available during the year	Vesting conditions	Year granted
Not applicable	Not applicable	None	Not applicable	Not applicable

TABLE 8*

HISTORICAL INFORMATION CONCERNING STOCK OPTION GRANTS

Information on stock options	AGM date	Plan 1	Plan 2	Plan 3
Not applicable				

TABLE 9*

Ten employees (other than corporate officers) having received the greatest number of stock options and number of options exercised	Total number of stock options granted/exercised	Average weighted price	Plan 1	Plan 2
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

TABLE 10

ADDITIONAL INFORMATION CONCERNING THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

	Employment contract		Supplementary pension plan (Article 39 of the French Tax Code)		Allowances or benefits payable or likely to be payable in the event of termination or change of duties		Benefits arising from non-compete clauses	
Executive corporate officers Corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
Edmond Alphandéry, Chairman of the Board of Directors Appointed with effect from: 10 July 2007 Term of office expires: 2012 AGM to approve the 2011 financial statements		X	X			X		X
Gilles Benoist Chief Executive Officer Appointed with effect from: 10 July 2007 Term of office expires: 2012 AGM to approve the 2011 financial statements	X		X		X			X

* *Tables 4 to 9: to date, there are no stock option or performance share plans for any CNP Assurances senior executives or employees.*

In accordance with AMF recommendations dated 22 December 2009 on remuneration of senior executives and in compliance with Article 5.1 of French decree 2009-348 of 30 March 2009, it is specified that Gilles Benoist is both an employee and a corporate officer. The CNP Assurances Board of Directors decided that this situation must be regularised at the latest upon the renewal of his term of office as Chief Executive Officer which expires at the close of the Annual General Meeting held to approve the financial statements for 2011.

Supplementary pension provisions

	Theoretical gross annual benefit under the supplementary pension plan *(in €)*	
	At 31.12.2010	**At 31.12.2011**
Edmond Alphandéry, Chairman of the Board of Directors	149,065	149,065
Gilles Benoist, Chief Executive Officer	149,065	149,065

CNP Assurances set up a defined benefit supplementary pension plan as approved by the 20 December 2005 Supervisory Board meeting. The Board of Directors' meeting held on 18 December 2007 authorised the amendment of this plan following the change in governance structure.

This compulsory supplementary plan is for senior executives remunerated by CNP Assurances, i.e.:

- senior executives of CNP Assurances whose terms of employment are governed by the collective bargaining agreement applicable to management grade employees of insurance companies (*Convention Collective des Cadres de Direction de l'Assurance*) of 3 March 1993 (approximately 80 people);
- remunerated corporate officers, which at present correspond to the Chairman of the Board of Directors and the Chief Executive Officer.

Under the plan terms, the benefits vest when the individual retires, provided that he or she is still employed by the Group at that date.

Annual benefits depend on the individual's remuneration and are determined as follows:

- 0.2% of the individual's salary per year of service, for the first €64,745 of remuneration;
- 1.78% of the individual's salary per year of service, for the portion between €64,745 and €129,491;
- 4.5% of the individual's salary per year of service, for the portion between €129,491 and €321,840.

They are calculated based on the individual's total years of service with the CNP Assurances Group, up to a maximum of 15 years.

The reference remuneration is the average gross annual remuneration (salary and variable bonus, excluding all other forms of remuneration) for the individual's last three years of service with the CNP Assurances Group, up to €321,840.

This amount and the above tranches may be adjusted in the future, to take account of changes in the average remuneration paid to eligible executives and officers.

The plan is funded by CNP Assurances, without any contributions from plan participants.

The plan came into effect on 1 January 2006. The theoretical gross annual benefit entitlement of each corporate officer is presented in the above table "Supplementary pension provisions".

Termination benefits

		At 31.12.2010 (Theoretical gross amount)	At 31.12.2011 (Theoretical gross amount)
Edmond Alphandéry, Chairman of the Board of Directors		None	None
Gilles Benoist, Chief Executive Officer	Severance pay	€1,075,661	€1,076,290
	Additional termination benefits based on the clause of his employment contract providing for termination benefits.	€474,100	€474,448
	TOTAL	**€1,549,761**	**€1,550,738**

Severance pay under the collective bargaining agreement

(agreement of 3 March 1993 relating to senior executives of insurance companies)

The Chief Executive Officer, Gilles Benoist, is entitled to severance pay as an insurance company senior executive. Severance pay is calculated based on Gilles Benoist's period of service with the Group since 1 October 1987.

Additional termination benefits according to the provisions of his employment contract

The employment contract of the Chief Executive Officer, Gilles Benoist, includes a clause providing for the payment of a termination benefit, in the event that his contract is terminated for reasons other than serious or gross misconduct. The payment of this benefit is subject to the fulfilment of performance conditions.

The termination payment (severance pay and other termination benefits) does not exceed two years of remuneration in accordance with the AFEP-MEDEF Corporate Governance Code.

Extract from the employment contract

"The termination benefit, which will replace the severance pay or forced retirement benefit provided for in the collective bargaining agreement, where applicable, will correspond to the sum of:

- *the severance pay provided for in the applicable collective bargaining agreement (in the case of either termination or forced retirement) calculated based on Gilles Benoist's period of service with the Group since 1 October 1987;*
- *an additional benefit equal to the difference between Gilles Benoist's net remuneration[1] for the 12 months preceding the contract termination date ("the reference period") and the annual net remuneration (including bonuses) for the grade at which he returns to the civil service.*

In accordance with the French decree of 30 March 2009, the termination benefit will be capped at 23.5 months of the total remuneration of an employee or corporate officer (monthly average of annual salary + monthly average of annual bonus). In the event of a period less than a full year, the salary and bonus of the last full year prior to the date of notification of termination shall be taken into account."

The theoretical amount of the termination benefit – calculated based on an assumed departure date of 31 December of the year ended and corresponding to the benefits payable under the collective bargaining agreement and the provisions of the French Labour Code (*Code du travail*) – is presented in the above table "Termination benefits".

The termination benefit will be paid if the performance conditions set out in the employment contract and approved by the Board of Directors' meetings of 4 March 2008 and 30 July 2009, are fulfilled. These performance conditions are based on productivity gains, as well as the increase of EBIT, which is calculated before unrealised gains and relates to the full year.

The conditions are as follows:

"a) Value creation at CNP Assurances level is assessed in accordance with changes in EBIT and the market

Measurement of changes in EBIT:

Changes in EBIT will be calculated by the Board of Directors by comparing the EBIT for the last financial year prior to the date of notification of termination of Gilles Benoist's contract (hereafter "EBIT for the last period") and the average EBIT for the two accounting periods preceding the financial year in respect of which EBIT for the last period was calculated (hereafter "EBIT for the reference period").

If EBIT for the last period is greater than or equal to EBIT for the reference period, the performance condition, assessed as of the date of notification of termination of Gilles Benoist's contract, shall be deemed to be fulfilled.

Measurement of changes in market trends:

However, if EBIT for the last period is less than EBIT for the reference period, the Board of Directors will assess the change in the market using the average recurring profit before unrealised capital gains for bancassurance companies similar to CNP Assurances.

If this assessment shows a downward market trend that is more significant in terms of absolute value than the decline reported for CNP Assurances, the performance condition, assessed as of the date of notification of termination of Gilles Benoist's contract, shall be deemed to be fulfilled.

b) Changes in productivity

Each year the Board of Directors sets the productivity objectives for Gilles Benoist.

Changes in productivity are measured annually by the Board of Directors by means of the following ratios and sub-ratios:

- *ratio: administrative expenses/Net insurance revenue France;*
- *sub-ratio 1: policy administration cost/Net insurance revenue France;*
- *sub-ratio 2: information system cost/Net insurance revenue France;*
- *sub-ratio 3: support function cost/Net insurance revenue France.*

2

(1) The net remuneration for the reference period will include all salaries, bonuses and allowances paid to Gilles Benoist during that period under his employment contract, but will exclude the termination benefit, accrued vacation pay, expense reimbursements, if any, and any amounts accruing to him under the statutory and/or discretionary profit-sharing plans, stock option plans or share grant plans.

The performance conditions, as of the date of notification of termination of Gilles Benoist's contract, shall be deemed to be fulfilled if the average rate of completion of the productivity objectives set by the Board of Directors for Gilles Benoist is greater than or equal to 80% over the previous three years.

c) Rate of completion of performance conditions

Gilles Benoist will receive a percentage of his termination benefit dependant on the number of performance conditions fulfilled:

If the two performance conditions are fulfilled, Gilles Benoist will receive 100% of his termination benefit;

If one of the two performance conditions is fulfilled, Gilles Benoist will receive 50% of his termination benefit;

If neither of the performance conditions are fulfilled, Gilles Benoist will receive 0% of his termination benefit."

Retirement benefits

(Article 43 of the Company-wide agreement related to all the employees)

	At 31.12.2010 (Theoretical gross amount)	At 31.12.2011 (Theoretical gross amount)
Edmond Alphandéry, Chairman of the Board of Directors	None	None
Gilles Benoist, Chief Executive Officer	€382,519	€395,687

If the Chief Executive Officer retires at 65 (the condition of completing at least five years' service has already been met), he will be entitled to retirement benefits provided for in the Company-wide agreement under his employment contract. The retirement benefits are equal to 3/12 of this last gross annual salary plus 1/120 of such salary per year of service up to ten years and 2/120 per year of service thereafter. The reference gross salary includes bonuses and other salary-related payments.

2.5. INTERNAL CONTROL AND RISKS

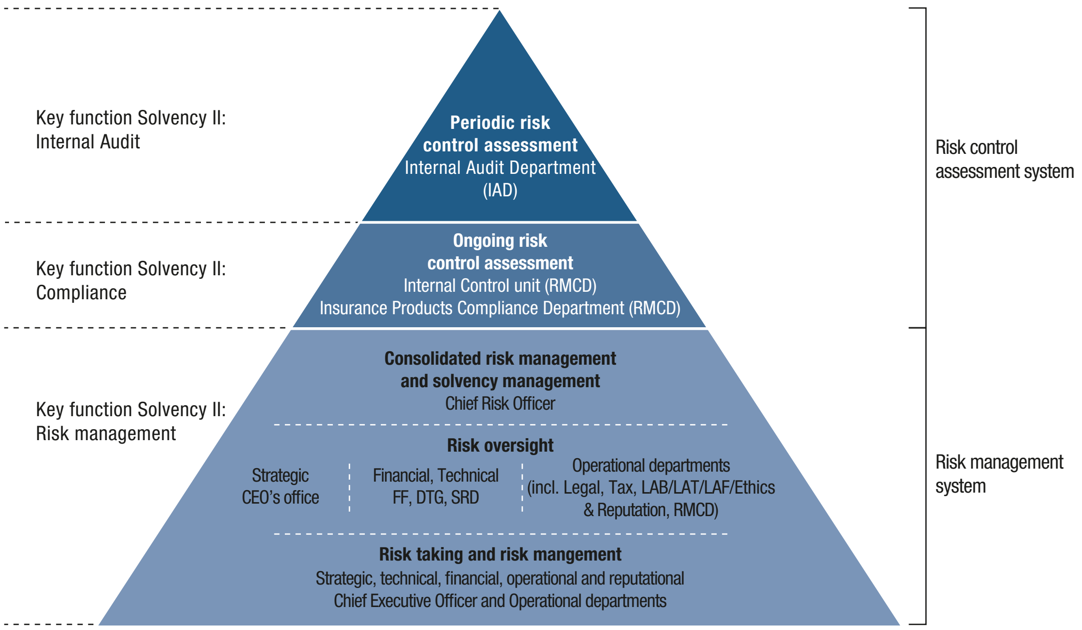
2.5.1. Overall Group risk management system

REGULATORY COMPLIANCE

There have been numerous changes to the regulations concerning internal control since 2003. In France, these included the Law on Financial Security (*loi de sécurité financière*) of 1 August 2003, the decree of 13 March 2006 which requires insurers to submit annual internal control reports to the insurance supervisor (*Autorité de Contrôle Prudentiel*), and the Solvency II Directive which introduces more stringent risk management procedures.

ORGANISATION OF RISK MANAGEMENT

In compliance with Solvency II, the internal control organisation has been structured in the form of a multi-tiered pyramid spanning the entire Group, as illustrated in the following diagram:



The different levels of control are organised as follows:

- First-tier controls:

  first-tier controls are performed by line personnel, who are responsible for ensuring that the necessary controls are in place to manage the risks associated with their activities and for constantly monitoring the legality, security and validity of all transactions carried out in the course of their work;

- Second-tier controls (risk oversight):

  1/ the Risk Management & Compliance department is responsible for directly managing operational and compliance risks, overseeing the system of ongoing controls and obtaining assurance about the existence and effectiveness of the controls embedded in the various business processes;

2/ the Risk Management and Solvency department was set up in January 2010 under the Solvency II Directive and is tasked with overseeing financial and insurance risks at Group level. The Chief Risk Officer is responsible for tracking and calculating solvency, i.e., assessing a consolidated approach to risk profiling, and designing the internal model for solvency calculation;

- the Internal Audit department reports directly to the Chief Executive Officer and is responsible for performing regular assessments of our system of internal control, through targeted audits carried out according to a systematic and methodical approach. The purpose of these audits is to obtain assurance concerning the existence and relevance of control and risk management processes, and to issue recommendations to improve process efficiency.

In addition, *ad hoc* internal control bodies supervise the monitoring of the quality and effectiveness of risk management within CNP Assurances.

OVERALL RISK MANAGEMENT SYSTEM

The most critical risks for an insurance company are financial risk and insurance risk (in that order) as they can produce potentially devastating effects that jeopardise the continued existence of the Company.

Operational risks may also result in significant losses.

CNP Assurances has always strived to ensure that its financial and insurance risk management procedures, exposure limits and decision-making processes are clear and unambiguous.

A global review of the various components of the system carried out in 2008, together with a comparison between CNP Assurances and market practices, validated existing risk management procedures and also led to improved documentation of said procedures for the purpose of developing a common risk management framework.

The overall aim is to develop risk management procedures that cover:

- the risk management framework (risk base, regulatory requirements, CNP Assurances' own rules and exposure limits);
- upstream risk management procedures (general guidelines for analysing risk on a case-by-case basis, and decision-making levels and processes);
- downstream risk management procedures (risk monitoring, emergency procedures).

The Group has focused primarily on financial and insurance risks and the related control processes were validated in 2009. Overall risk management will be coordinated by the Risk Committee – chaired by the Chief Executive Officer – which will assess the Groups solvency and funding requirements. The committee will also develop and track policies for managing all Group risks.

CLEARLY DOCUMENTED INSURANCE AND FINANCIAL RISK MANAGEMENT PROCEDURES

The operational basis of these financial and insurance risk management procedures is a key factor in effectively managing the risks concerned. We will come back to this point in a later section.

The following financial and insurance risk management procedures were developed as part of a consultation process carried out in CNP Assurances:

- a risk management budget broken down by exposure limit for each risk manager;
- the development of applications that inform risk managers of their capital management and estimate the impact of their decisions at any given time;
- a more traditional Enterprise Risk Management (ERM) approach based around accounting and financial indicators.

The concept of risk tolerance under these procedures will necessitate taking into account the constraints specified in three sets of standards: Solvency II (capital management), IFRS (impact on profit for the year) and local GAAP (payments to policyholders).

The Own Risk and Solvency Assessment (ORSA) required under the Solvency II Directive will round out the Group's risk management procedures. ORSA will provide both a short- and long-term assessment of the risks specific to the Group as well as the corresponding capital adequacy requirements.

ORSA will enable Group management to:

- get beyond a purely regulatory perspective of solvency and incorporate a Group perspective of its own risk exposure and the corresponding capital adequacy requirements;
- factor in specific features of the Group's risk profile that are not included in the regulatory assessment of solvency;
- include a forward-looking dimension in Group risk analysis.

ORSA will also be incorporated into the reports submitted to the supervisory authorities.

Structuring processes for managing other risks

This work is organised around projects that correspond to the major risks faced by the Group, namely:

- risks involved in creating new products;
- operational risks and primarily subcontracting-related risks;
- emerging risks.

In 2011, processes involved in targeted launches of individual insurance products were validated, tested and rolled out to the entire Group at the end of the year.

Operational risk management work in 2011 focused primarily on subcontracting-related risks. Operational risk management procedures have now been deployed for individual insurance products and, thanks to the work carried out in 2011, they will soon be rolled out to group insurance products and financial management.

Fraud prevention is also an integral part of this work and second-tier controls have been set up in each of the operational departments.

The work already carried out involves assessing the control environment, defining sensitive areas, developing scenarios and performing sensitivity analyses and stress testing, and fostering awareness of the related issues among employees. The ongoing project to streamline and automate account management and delegation procedures should also provide a bulwark against the risk of fraud.

2.5.2. Overview of ongoing controls

Ongoing controls assess risk management effectiveness on a continuous basis. The internal control procedures that have gradually been rolled out since 2003 are part of a continuous process, effected by the management and oversight bodies and involving all Group employees, designed to provide reasonable assurance that:

- the Company's assets are protected;
- transactions comply with the Company's policies and strategies, resources are used economically and efficiently, and risks are properly managed;
- accounting, financial and management information is reliable and its integrity is not impaired, ensuring that published financial information complies with the true and fair view principle;
- external laws and regulations, and internal rules and procedures are complied with.

INTERNAL CONTROL FRAMEWORK

Our system of internal control is based on the integrated framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and complies with the Continuous Disclosure Program of the French securities regulator (AMF). It is one of the pillars of the Group's Solvency II compliance programme and comprises five interrelated components:

- an efficient control environment, based on a clear, formal definition of roles and responsibilities;
- regular risk assessment and monitoring;
- control activities that serve to reduce risks;
- regular pertinent and reliable information and communication;
- monitoring of internal control by the management and oversight bodies.

SCOPE OF THE INTERNAL CONTROL SYSTEM

- The internal control system covers:
  - CNP Assurances and its directly and indirectly-controlled subsidiaries,
  - non-consolidated indirect subsidiaries over which CNP Assurances (or a subsidiary) exercises *de facto* management control.
- It addresses all material risks affecting the financial statements and all critical business-related risks and classifies these as either financial, insurance or operational risks.

The internal control system is gradually being rolled out to all of the Group's French and international subsidiaries.

The Company's in-house risk assessment processes have been developed using models that have been fine-tuned over time.

Two steps are involved in modelling a process:

- the first step consists in describing the sequence of activities in each process, the objectives of each process, the key players and the input and output data;
- the second step consists in identifying and assessing the inherent risks associated with each phase of the process, identifying and assessing the related controls and assessing the residual risks.

The CNP Assurances risk map was reviewed in 2009 and now includes 55 major processes. The scope of risk management supervisory procedures was considerably extended in 2009 to include processes likely to be impacted by a financial crisis. A total of 24 major processes are now assessed for risk on an ongoing basis.

This approach provides an extremely detailed view of risks, which allows CNP Assurances to perform an in-depth analysis of each risk that is found to be inadequately controlled and to fine-tune its response. It therefore has significant operational benefits.

It is built on control and risk assessments and generates key improvement measures.

Control assessment

Control assessment is a two-tiered process:

- the first tier consists of the internal control self-assessment procedure carried out by the line managers responsible for the controls, who are required to express an opinion on whether the controls are adequately documented and evidenced, and whether any errors or omissions detected by the controls are adequately resolved;
- the second tier corresponds to tests performed by a specialist department that is independent of line management, to verify the existence, execution and effectiveness of internal controls. Each year, tests are carried out on at least 10% of self-assessed internal controls.

The key aspects of the procedure, in place since 2006, are as follows:

- controls are assessed by the line personnel responsible for their execution or their direct superiors, and the assessments are validated by the line manager;
- the assessment is based on a standard questionnaire that checks controls based on standard criteria.

Control assessment is only one part of the Company's residual risk assessment.

Risk assessment

The controls identified previously should cover inherent risk exposure, which is the "spontaneous" risk exposure in the absence of any internal control system.

The assessment of inherent risk exposure is based on a combination of the potential impact of the risk were it to occur, and its actual occurrence, and both of these components are assessed on the basis of indicators defined for each risk and then classified on a scale of 1 to 4: critical, high, moderate and low.

Residual risk is what remains after the effectiveness of existing internal control systems has been taken into account and it is measured on the same scale of 1 to 4 as that used to assess inherent risk exposure.

Residual risks are reassessed after each self-assessment or testing programme.

Key improvement measures

Improvement measures focus on shortcomings in "key" control procedures. Key controls are:

- all controls relating to critical or high inherent risks;
- all controls covering at least four moderate inherent risks.

Particular attention must be paid to certain key controls which, if they failed, would leave the Company exposed to a "critical" or "high" level of residual risk.

Action plans designed to fix defective controls and enhance risk management are monitored especially closely by the Chief Executive Officer and the Executive Committee who report on this matter annually to the Chairman of the Board of Directors and the Audit Committee.

2.5.3. Tools and procedures to forecast changes in outstanding commitments and their coverage

The Group has established management information systems designed to ensure that it fulfils its commitments to shareholders.

These management information systems:

- roll down Group objectives to the level of the individual businesses;
- track the progress made by each business in meeting these objectives, in order to allow corrective action to be taken on a timely basis;
- analyse the components of profit and value creation.

In particular:

- the forecasting system provides the basis for analysing the components of profit, assessing forecast profitability and measuring the impact of product decisions on future profits;
- embedded value and new business calculations reflect the business's current capital resources and its ability to create value. Each year, differences between forecast and actual value creation are analysed and presented at the same time as the financial statements.

GENERAL FORECASTING SYSTEM

Asset and liability projections are produced annually, in the fourth quarter, and used to calculate policyholder dividend rates for the year, as well as to produce current period and future forecasts.

Medium-and long-term projections are used to produce financial trajectories and perform In-Force and new business calculations, in connection with the annual business valuation exercise.

Forecasting models are tailored to the types of products concerned. They include:

- asset-liability models for savings and pension products;
- specific models tailored to group personal risk products and term creditor insurance which break down the insurance book by underwriting year;
- models tailored to individual personal risk products, incorporating risk measurement factors and statistical data;
- models designed to simulate future annuity commitments.

The results of the detailed analyses are consolidated by type of risk according to a central scenario based on the assumption that conditions in the financial markets will remain stable. Alternative scenarios are also used to assess the sensitivity of earnings to changes in premium income, conditions on the financial markets and policyholder behaviour.

2.5.4. Characteristics of commitments towards policyholders

Our commitments towards policyholders differ depending on the type of policy:

SAVINGS CONTRACTS: MAINLY FINANCIAL COMMITMENTS

Savings contracts fall into two broad categories:

- traditional savings products, where the insurer may commit to pay a minimum guaranteed yield plus a share of the investment yield. The yield guarantee is for a fixed period (generally eight years for French policies).

  These contracts have been classified by decreasing level of commitment, as follows:

  - contracts offering a guaranteed rate of return and a guaranteed profit share when the contract matures,
  - contracts offering a guaranteed rate of return representing less than 60% of the TME rate at the time of payment.

  Managing savings contracts depends first and foremost on effectively matching assets and liabilities;
- unit-linked products, where the policyholder bears the financial risk and the insurer's commitment is limited to the additional cover provided, consisting generally of a guaranteed death benefit.

PENSION PRODUCTS: TECHNICAL AND FINANCIAL COMMITMENTS

Commitments associated with annuity-based pension products depend on:

- the benefit payment period, which is not known in advance;
- the interest rate, corresponding to the return on the capital managed by the insurer.

For these contracts, results are determined by long-term financial management policies and actual mortality rates compared with assumptions.

PERSONAL RISK CONTRACTS: MAINLY TECHNICAL COMMITMENTS

Personal risk contracts comprise various types of primary guarantees covering such risks as death, temporary or permanent disability, long-term care, health and unemployment. The risk associated with these contracts is determined primarily by the insured's age, gender and socio-professional category.

The Group establishes risk selection and reinsurance policies and monitors statistical data concerning the policyholder base and related loss ratios.

REINSURANCE POLICY

Our reinsurance policy has the following features:

- we implement a Group-wide reinsurance policy covering business written by the Company and by its subsidiaries;
- overall underwriting results are protected by non-proportional treaties that are geared to the size of the Group and its claims-paying ability. The treaties consist of excess-of-loss treaties by event (catastrophe cover) and by insured person;
- sharing of risks on large-scale new business.

Other reinsurance treaties have been set up for strategic and commercial reasons. Applications have been developed to monitor reinsured portfolios, in order to track results and facilitate exchanges with reinsurers.

ADEQUACY OF TECHNICAL RESERVES

The approach used to ensure that technical reserves are adequate focuses on:

- managing the risks associated with a fall in interest rates;
- taking into account the increase in life expectancies compared with the periods reflected in regulatory mortality tables, by using an approved experience-based table developed internally;
- regularly assessing risks via:
  - projection-based monitoring of yield commitments,
  - detailed analyses and statistical studies of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves.

2.5.5. Coverage of commitments

Our investment strategy for each portfolio is based largely on the results of asset-liability simulations. One of the key requirements of the strategy is to ensure that we are able to fulfil our commitments towards policyholders at all times, while also optimising asset allocation and investment performance.

ORGANISATION OF THE INVESTMENT MANAGEMENT FUNCTION

Each category of contracts is backed by asset portfolios that are managed according to a strategy closely tailored to the profile of the related liabilities.

The management strategy may be either specified in the general policy terms or agreed with the client or partner.

In the schedule listing the entire investment portfolio and the other regulatory reporting schedules, only assets that are required to be segregated in accordance with the French Insurance Code (assets held to cover linked liabilities and liabilities related to pension products governed by Article L. 441-1 of the French Insurance Code and *Plan d'Épargne Retraite Populaire* pension plans) are shown separately. In practice, however, a number of different portfolios are managed.

For each portfolio, an investment strategy is defined covering:

- asset allocation;
- the choice of maturities and any hedging instruments;
- profit-taking policy.

The strategy is based primarily on asset-liability management results and includes analyses of future liquidity gaps and interest rate mismatches, as well as medium-and long-term simulations of the portfolio's sensitivity to differing trends in the financial markets.

It is communicated to the portfolio manager who is responsible for implementing it as effectively as possible, within the defined limits, by selecting securities and timing transactions based on market opportunities.

EQUITY RISK

In 2011, 10% of Group assets were invested in equities and equity funds (based on book values, excluding unit-linked portfolios).

The equity portfolios comprise units in diversified funds invested in European and international equities, and direct investments in Eurozone stocks.

The portfolios invested directly in equities are also highly diversified. Portfolio performance is tracked on a monthly basis, in particular by comparison with appropriate benchmarks.

RISK OF HAVING TO RECORD A LIQUIDITY RISK RESERVE

The French Insurance Code requires insurers to set up a liquidity risk reserve if the aggregate market value of positions valued at the level of each regulatory portfolio in accordance with Article R. 332-20 of the Code is less than their carrying amount net of provisions for other-than-temporary impairment. This rule mainly applies to equities, mutual funds and property investments.

At 31 December 2011, liquidity risk reserves in the financial statements of French insurance subsidiaries totalled €19 million and concerned segregated regulatory portfolios.

CREDIT RISK

The credit risk management strategy consists of holding investment grade securities and diversifying bond portfolios to avoid concentrations of credit risks by issuer or geographic area.

The CNP Assurances Credit Risks Committee meets periodically to set exposure limits.

As of 31 December 2011, 88% of the Group's bond portfolio was invested in bonds rated A to AAA by the leading rating agencies, including more than 47% rated AAA.

CURRENCY RISK

The bulk of asset portfolios are invested in the securities of Eurozone issuers.

As a result, the portfolios' exposure to currency risks is very limited. Excluding consolidated affiliates, less than 1% of the investments of the French companies in the Group are denominated in currencies other than the euro.

SOVEREIGN DEBT RISK

Following the difficulties encountered by private issuers in 2008 and 2009, 2011 was characterised by sovereign risk. The Greek debt crisis heightened uncertainty over the ability of sovereign issuers to service their debt. Despite the creation of a European financial stability mechanism, these uncertainties spread to other European states, including Ireland and Portugal. CNP Assurances monitors these risks particularly closely. Spain and Italy were also affected by the sovereign debt risk crisis during the period although their prospects appeared somewhat brighter towards the end of 2011.

The Group recognised provisions for impairment losses on Greek bonds based on 70% of the securities' nominal value and CNP France divested large volumes of Irish, Spanish and Italian government bonds.

The Group also pays close attention to the debts of sovereigns in whose countries its subsidiaries are located, i.e., principally Spain, Italy and Portugal, as well as its smaller subsidiaries in Greece and Cyprus. Consequently, in 2011 CNP Assurances stepped up its oversight of developments in these countries, as well as monitoring of their sovereign debt.

PROPERTY AND INFRASTRUCTURE RISK

Only a small portion of the Group's assets are invested in property, however based on medium-term forecasts of inflation and the advantages of holding this category of assets under Solvency II, the Group has undertaken a new programme of property investments since 2010.

2.5.6. Asset-liability management

The Group performs regular simulations to test the behaviour of the various portfolios according to different interest rate and equity price scenarios.

Asset-liability simulations are carried out using proprietary software that takes into account the specific characteristics of the life insurance business. They are based on a certain number of typical interest rate scenarios. In addition, a large number of scenarios are generated at random to measure the statistical dispersion of results (stochastic simulations).

EXPOSURE TO A FALL IN INTEREST RATES

The impact of a possible fall in interest rates on the Group's ability to fulfil its commitments to policyholders is analysed at regular intervals.

Asset-liability simulations have shown that the resistance of the insurance book to a fall in interest rates is satisfactory.

This situation is the result of the following measures, implemented in recent years:

- revision of general policy terms to limit the duration and level of yield guarantees;
- extension and annuitisation at 0% of single premium policies with a guaranteed rate of return;
- conservative approach to determining technical reserves for annuity products;
- matching of interest rate commitments with fixed-rate bonds with at least equivalent maturities.

EXPOSURE TO AN INCREASE IN INTEREST RATES

The risk associated with an increase in interest rates is closely monitored and this is a key focus of our asset-liability management.

Liabilities:

- combined unit-linked/traditional savings policies include contractual clauses limiting or banning transfers between portfolios in the event of an unfavourable change in market conditions;
- the duration and level of yield guarantees is limited through the development of products offering guaranteed yields that are adjusted at annual intervals, thereby allowing asset managers to reduce the weighting of long-dated bonds in the managed portfolios.

Assets:

- floating rate and index-linked bonds represent around 14% of the portfolios;
- part of the portfolio of fixed-rate bonds is hedged using caps;
- given the risk of higher interest rates on sovereign debt and an increase in surrender rates in 2012, the Group set aside large cash reserves at the beginning of 2012 (over 5% of the portfolios most exposed to surrender risk are invested in monetary assets and securities maturing in less than one year).

In the case of a sharp rise in interest rates to above certain trigger points, the hedges acquired by the Group would generate additional revenues corresponding to the difference between the trigger rate and actual long-term interest rates on the financial markets, thereby improving the return on the hedged assets in a period of rising interest rates.

The hedging programme is extended each year, to keep pace with growth in assets under management.

2.5.7. Insurance-related legal risks

RISK OF LAWSUITS BEING BROUGHT BY THE INSURED AND THEIR BENEFICIARIES

The number of new lawsuits concerning the interpretation of policy terms fell by 11% year on year and this drop is at least partially attributable to greater recourse to mediation rather than litigation. The number of outstanding lawsuits fell by 9% to 1,309 at the year-end which was less than the decrease of 11% recorded in 2010. There was a 10% fall in the number of claims dismissed in relation to 2010 which may be attributable to slower legal proceedings and longer periods taken to recover sums due to the Group in execution of a court order.

The contested policies represent only a minute proportion of the total number of individual and group policies managed by the Group.

The courts rule in favour of the Group in the majority of cases, with the proportion of successful outcomes remaining fairly stable over time. The percentage of lawsuits won by CNP Assurances (or abandoned by the plaintiff) increases on appeal. The proportion of suits won or abandoned at first instance jumped from 59% to 72% year on year, the proportion won on appeal before the district court rose ten percentage points from 71% to 81% and successful outcomes from the French Court of Cassation (*Cour de cassation*) increased from 74% in 2010 to 88% in 2011.

CNP Assurances manages this risk by recording a provision for the estimated costs.

EMERGING INSURANCE ISSUES

In the wake of the first such recommendation issued by the ACP on 15 October 2010, a new type of regulation has emerged concerning the risk of misselling unit-linked life insurance policies made up of complex financial instruments. As expected, this process continued in 2011 and four new recommendations and a position were issued by the ACP. The first recommendation deals with commercial information to promote unit-linked life insurance policies invested in bonds. The second recommendation deals with more or less the same domain and it warns non-specialists about any potential conflicts of interest between the issuer of debt securities and the insurer. The third relates to the marketing of life insurance contracts with a burial insurance component and the fourth recommendation, which was issued in December 2011, deals with claims. The ACP Position addressed the topic of sales with bonuses.

The Group studies each of these new recommendations carefully and may make adjustments to its processes as a result. Although the exact legal status of the recommendations and positions is far from clear, in some ways they may actually mitigate risks by bringing practices into line with industry-wide standards of control and setting a benchmark for acceptable practices.

The Group is also gearing up for transition to the new SEPA payment standards, scheduled for February 2014. The new standard payment arrangements provide for an unconditional right to reimbursement during a period of eight weeks. If this discretionary right was to be upheld by the European courts, this could present a significant risk for insurers who could be confronted with a wave of requests for reimbursement. Policies would probably have to be modified accordingly.

LEGAL COMPLIANCE AND MONITORING

The legal security of the business must be underpinned by strict application of existing legislation in a highly-regulated environment in which legal interpretations and outcomes can be difficult to predict.

It is also vital to carefully monitor pending legislation and the Group actively participates in all of the representative professional bodies and all of the work related to new legislation in order to be fully aware of all of the potential impacts.

MONEY LAUNDERING RISK

Combating money laundering and the financing of terrorism is a constant concern for the Group and a system designed to address this risk has been set up, based on:

- an anti-money laundering unit, made up of representatives of all the departments concerned;
- procedures to detect transactions that could be used to launder money or finance terrorist organisations. These procedures describe the checks to be performed by line personnel on the documents presented by customers and the trigger points for the launch of warning procedures. Conventions signed with the major partners stipulate what action should be taken by each party. Ex-post controls are performed by the specialised anti-money laundering unit, to detect any unusual transactions that may have slipped through the net during first-tier controls;
- campaigns to increase staff awareness of money laundering risks, combined with specific training for front-line employees;
- detailed reporting to the Executive Committee of all the measures taken during the year and the results obtained, supported by regular Internal Audits by the Internal Audit department.

Existing procedures and controls are updated to keep pace with new regulations. Following the publication of texts transposing the Third EU Money Laundering Directive, CNP Assurances has drawn up its risk map, paying particular attention to the types of products, customer characteristics, distribution channels and payment methods. The Group has overhauled its procedures in light of the information provided by the risk map.

An e-learning training programme that had been developed with other financial institutions was delivered in 2011 to keep staff abreast of the latest developments in this area.

Current regulations also require that permanent controls be stepped up. To do this, in 2010 CNP Assurances acquired a powerful analysis tool to perform ex-post monitoring of transactions and clients and this system will be going live very soon.

Details of the CNP Assurances system have been given to our foreign subsidiaries, which have adapted it to comply with local regulations.

2.5.8. Insurance coverage of operational risks

The process put in place to identify, measure and monitor risks (as described above) ensures that all potential risks are efficiently managed. It comprises a series of measures designed to reduce the probability of the risks occurring and attenuate their impact. These include two cross-functional measures: the insurance programme and the contingency plan.

INSURANCE PROGRAMME

The insurance programme, which is designed to protect assets and cover liability risks, comprises both Group-wide policies and subsidiary-level policies.

The policies taken out in France concern:

- property insurance, including comprehensive building insurance and information systems insurance;
- liability insurance;
- fleet insurance;
- comprehensive site insurance;
- personal insurance (assistance);
- insurance against fraud.

The levels of cover and of self-insurance are determined according to the type of business, the size and the claims experience of the main Group entities. The Group considers that the overall level of insurance cover for 2011 is satisfactory.

CONTINGENCY PLAN

A contingency plan has been drawn up, describing the immediate action to be taken in a crisis situation.

The plan seeks to minimise the disruption to operations and to continue to offer clients and partners an adequate level of service.

The contingency plan is built around three pillars:

- the mapping and the analysis of critical activities;
- the assessment of the resources needed to permit business to resume;
- a crisis management structure comprising several units with specific tasks.

The contingency plan is updated quarterly and the entire system is reviewed each year by management, to take into account the Company’s changing needs and ensure that the resources are adequate.

Its practicality and effectiveness are tested several times a year, through emergency drills conducted at our various facilities.

In 2011, ten drills were carried out at various CNP Assurances facilities. Each one concerned departments comprising several dozen people performing mission-critical tasks. Another specific drill involved the members of the Executive Committee.

The drills closely replicated real conditions: staff were prevented from accessing the premises and were given no advance warning of the drill. The crisis management unit set up during the drills must deal with events as they happen and ensure that the business keeps functioning.

The drills served to determine the time needed to notify all the people concerned and the response time of the teams responsible for implementing the contingency plan, manning external back-up centres and coordinating the crisis management unit.

2.5.9. Other risks and employee well-being

In 2003, CNP Assurances signed up to the United Nations Global Compact to illustrate its commitment to sustainable development based around human rights, respect for the environment and the battle against corruption.

In 2001, after consulting employee representatives, the Group incorporated into its Code of Ethics a new rule governing competitive bidding processes. All invitations to tender now include a clause requiring bidders to provide information about their employment practices, to ensure that the Group only does business with companies that fulfil their labour law obligations. Any companies that fail to comply with this clause are excluded from the bidding process.

Furthermore, CNP Assurances was awarded the Diversity Label by a commission chaired by the French government, which includes both business and employee representatives. Seven companies have been honoured with this new award.

This award is consistent with the assertive strategy that began in 1995 with the signature of the first agreement on the hiring of the disabled and the launch of the Handicap taskforce and led to the signature of our Diversity Charter at the end of 2006.

Over the last three years CNP Assurances has implemented an ambitious plan with respect to HR procedures and the training of management and employees involved in recruitment, training and career management, with the aim of promoting awareness about the importance of non-discrimination and diversity, and of showing how diversity contributes to improving society and enhancing efficiency.

Similarly, over the past few years CNP Assurances has been taking measures to prevent psychosocial risk, whether through conflict management or the prevention of hardship in the workplace, harassment or discrimination. The Company has an in-house mediation department whose role is to pre-empt such risks and implement appropriate measures to deal with them upstream. These measures include advice on restoring cohesion in the workplace, individual procedures for restoring fairness, individual or group coaching, organisational analysis, and workload redistribution, when necessary.

The Group has a low degree of environmental risk in view of its position as a financial intermediary. Nonetheless, it does not use any regulated products and it performed a carbon audit (Bilan Carbone®) in 2010 which used an assessment of how the Group can promote sustainable development more effectively to devise ambitious multi-annual objectives.

2.6. STATUTORY AUDITORS' REPORT ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

For the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of CNP Assurances, and in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the year ended 31 December 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We attest that the Chairman's report sets out the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Eric Dupont	Jean-Claude Pauly

2.7. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

For the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of CNP Assurances, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*) and Article R. 322-7 of the French Insurance Code (*Code des assurances*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code and Article R. 322-7 of the French Insurance Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

1. AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

In accordance with Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed of the following agreements and commitments authorised by the Board of Directors.

1.1 Acquisition of a 25% interest in the share capital of GRTgaz by the public consortium comprising CNP Assurances, Caisse des dépôts et consignations and CDC Infrastructure

NATURE AND PURPOSE

On 12 July 2011, a public *consortium* comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts laid the foundations for a long-term partnership with GDF Suez in natural gas transportation in France and the rest of Europe. The partnership is based on the acquisition of a 25% non-controlling interest in GRTgaz for an amount of €1.1 billion.

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

TERMS AND CONDITIONS

This interest was acquired via two companies: Holding d'Infrastructures Gazières (HIG) controlled jointly by the consortium and Société d'Infrastructures Gazières (SIG) wholly owned by HIG, and which holds the 25% interest in GRTgaz. HIG financed the investment through (1) a capital increase (of which €358 million – or 54.4% of the total – subscribed by the CNP Assurances Group) which allowed HIG to subscribe to a capital increase by SIG, and (2) a bond issue by SIG in the amount of €500 million subscribed in full by the consortium (including an amount of €270 million subscribed by the CNP Assurances Group).

At 31 December 2011, CNP Assurances held 51.2% of the share capital of HIG (€338 million), as well as bonds issued by SIG in the amount of €211 million.

1.2 Acquisition by the CNP Assurances Group of BPCE's entire interest in Fongépar

NATURE AND PURPOSE

At its meeting on 28 July 2011, the Board of Directors authorised CNP Assurances and its subsidiaries to buy back the majority of BPCE's interest in Fongépar.

TERMS AND CONDITIONS

At 31 December 2011, CNP IAM, a subsidiary of CNP Assurances, held 94.8% of Fongépar's share capital following the authorisation granted on 28 July 2011 to buy back the majority of the interest previously held by BPCE (34.97%) for an amount of €4,546,944.

2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R.225-30 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed that the following agreements and commitments, approved by the Annual General Meeting in previous years, remained in force during the year ended 31 December 2011.

2.1 Agreement between CNP Assurances and La Banque Postale Prévoyance (LBPP)

NATURE AND PURPOSE

At its meeting on 7 October 2010, the Board of Directors authorised the signing of an agreement between CNP Assurances and La Banque Postale for the purpose of defining the terms and conditions for giving greater autonomy to La Banque Postale Prévoyance (LBPP).

This agreement, applicable with retroactive effect as from 1 January 2010, sets out the measures taken in terms of governance, operating mode, and updating of the cost of policy administration services provided by CNP Assurances on behalf of LBPP.

Technical assistance and financial management services provided by CNP Assurances for LBPP will be invoiced at a maximum amount of €1,550 thousand for 2010, €1,100 thousand for 2011 and €650 thousand for 2012.

TERMS AND CONDITIONS

In connection with the increased autonomy of its subsidiary LBPP, in 2011 CNP Assurances invoiced the following amounts:

- €1.1 million for technical assistance and financial management services;
- €17.5 million for policy administration services.

2.2 Amendment of the conditions of the Chief Executive Officer's employment contract and corporate officer position in accordance with Article 5 of the Decree 2009-348 of 30 March 2009

DIRECTOR CONCERNED

Gilles Benoist.

NATURE AND PURPOSE

On 10 July 2007, the Board of Directors appointed Gilles Benoist as Chief Executive Officer of the Company. Because Gilles Benoist had an employment contract with the Company as of that date, the terms of said contract were subject to prior authorisation by the Board, in accordance with Article L. 225-22-1 of the French Commercial Code. The Board also authorised:

- an addendum to said employment contract stipulating the new scope of Gilles Benoist's management responsibilities and his reporting relationships;
- the terms of the contract concerning the remuneration and benefits that would be due or potentially due at the time of or following the termination of Gilles Benoist's contract or a change in his position.

On 4 March 2008, the Board of Directors authorised an addendum to Gilles Benoist's employment contract, stipulating that the termination benefit that would be payable to him in the event that his employment contract were to be terminated would depend on his performance as measured by reference to that of the Company. The addendum was drawn up in application of the "TEPA" Act of 21 August 2007 (Act no. 2007-1223) amending Article L. 225-42-1 of the French Commercial Code. Pursuant to this addendum the payment of the benefit provided for in the event of dismissal (except for serious or gross misconduct) or forced retirement, was subject to the accomplishment, by Gilles Benoist, of a performance condition.

At its meeting on 30 July 2009, the Board of Directors authorised the amendment of Gilles Benoist's employment contract in order to bring it into compliance with the Decree of 30 March 2009 regarding the remuneration conditions for managers of companies aided by the state or receiving state support because of the economic crisis, and of the managers of state-owned companies. Pursuant to this decree, termination benefits shall only be paid in the event of a forced termination, on condition that the beneficiary fulfils sufficiently demanding performance conditions.

In this context, the amendments made to Gilles Benoist's employment contract and corporate office are as follows:

- the contractual termination benefit shall only be paid in the event of dismissal for any reason other than gross or serious misconduct, and shall correspond to the accumulated total of:
  - the termination benefit (in the case of either dismissal or forced retirement) calculated based on his length of service with the Group since 1 October 1987;
  - an additional benefit equal to the difference between his net remuneration for the twelve months preceding the contract termination date and the annual net remuneration for the grade at which he returns to the civil service;
  - moreover, in accordance with the Decree of 30 March 2009, the termination benefit shall be capped at 23.5 months of the total remuneration allocated in respect of the employment contract and corporate office.

  The benefit shall be paid if:
  - the Group's last published EBIT prior to the date of termination is higher than the average EBIT recorded in the two preceding calendar years; or
  - if this condition is not fulfilled, the fall in profitability for the market as a whole – as measured based on average recurring profit before capital gains of the bancassurance sector – is greater than the decline in CNP Assurances' results;
  - and if the productivity gain objectives set by the Board of Directors each year are met. The following ratios are used to measure gains:
  - operating expenses/net profit from insurance activities France,
  - cost of managing In-Force business/net profit from insurance activities France,
  - cost of IT systems/net profit from insurance activities France,
  - cost of support functions/net profit from insurance activities France.

  This performance condition, as of the date of notification of termination of the employment contract, shall be deemed to have been achieved in the event that Gilles Benoist realises an average rate of 80% of the productivity objectives set by the Board of Directors for the previous three financial years.

Gilles Benoist shall receive 100% of his termination benefit if both performance conditions have been achieved, and 50% if only one condition has been achieved:

- payment of variable remuneration pursuant to the employment contract shall be subject to criteria relating to recurring income and productivity gains. In accordance with Article 5 of the Decree of 30 March 2009, reference to the CNP Assurances share price within the scope of the variable share of remuneration shall be deleted from the employment contract;
- the payment of variable remuneration pursuant to the corporate office shall also be subject to criteria relating to recurring income and productivity gains.

TERMS AND CONDITIONS

At 31 December 2011 the termination benefit would have amounted to €1,076,290 and in accordance with the "contractual termination benefit" provisions of Gilles Benoist's employment contract, the additional benefit would have amounted to €474,448.

2.3 Supplementary pension plan for CNP Assurances senior executives

NATURE AND PURPOSE

At its meeting on 20 December 2005, the Supervisory Board authorised the setting up of a Group defined-benefit plan providing for the payment of supplementary pension benefits to plan participants. At its meeting on 18 December 2007, the Board of Directors approved an amendment to the supplementary pension plan.

The compulsory plan covers the executives and remunerated officers of CNP Assurances, as follows:

- senior executives whose terms of employment are governed by the collective bargaining agreement applicable to senior executives in the insurance industry (*Convention collective des cadres de direction de l'assurance*) dated 3 March 1993;
- corporate officers receiving remuneration referred to in Articles L. 225-47 and L. 225-53 of the French Commercial Code.

Benefit entitlements will vest when participants retire, provided that they are still an employee or officer of the Company, except in the cases provided for in the applicable regulations.

Under the plan terms, participating executives receive supplementary pension benefits in an amount ranging from 0.2% to 4.5% per year of service up to 15 years.

TERMS AND CONDITIONS

In order to cover its obligation towards all of the executives participating in the plan, the Company booked an additional provision of €4.4 million, bringing the total provision booked in this respect to €43.7 million at 31 December 2011. CNP Assurances paid €8.4 million in premiums under the plan in 2011.

2.4 Partnership agreement between CNP Assurances, Dexia Crédit Local de France (Dexia CLF) and SOFCA

NATURE AND PURPOSE

CNP Assurances, Dexia Crédit Local de France and SOFCA (collectively, Sofaxis) have signed a ten-year partnership agreement concerning cooperation in the local government market. The agreement is automatically renewable for successive periods of five years.

The agreement, which was authorised by the CNP Assurances Supervisory Board on 20 March 2000, sets out the methods to be used to share management expenses and to determine the remuneration to be received by each partner, based on their respective tasks and the level of underwriting profit on the business.

Dexia CLF has given CNP Assurances a call option allowing CNP Assurances to acquire a blocking minority interest in Ifax, the parent company of the Dexia Sofaxis Group.

TERMS AND CONDITIONS

The amount recorded in CNP Assurances' accounts in 2011 in respect of this agreement consisted of brokerage fees totalling €27.8 million.

The call option was not exercised in 2011.

2.5 Shareholders' agreement relating to Suez Environnement

NATURE AND PURPOSE

At its meetings of 4 March 2008 and 21 October 2008, the Board of Directors authorised Gilles Benoist, in his capacity as legal representative of CNP Assurances, to enter into and sign a shareholders' agreement and an amendment to this agreement relating to Suez Environnement.

TERMS AND CONDITIONS

This shareholders' agreement, which CNP Assurances signed on 5 June 2008, falls within the framework of the Suez Group's restructuring and the creation of its subsidiary, Suez Environnement. The main purpose of this agreement is to ensure a stable shareholder base to enable the Company to implement its strategic development project.

The purpose of the addendum to the shareholders' agreement is to simplify the decision-making and management process of the Suez Environnement Group.

2.6 Asset management contract with La Banque Postale Asset Management (previously named Sogéposte)

NATURE AND PURPOSE

On 4 April 2006, the Supervisory Board authorised an asset management contract with Sogéposte (renamed La Banque Postale Asset Management), an asset management company licensed by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) and a subsidiary of La Banque Postale. This contract, the terms of which are the same as for the contract with Ixis Asset Management (renamed Natixis AM) in relation to pricing and operational integration, assigns to Sogéposte the management of an asset portfolio of Assurposte (renamed La Banque Postale Prévoyance), a subsidiary owned jointly with La Banque Postale, and a portfolio of Préviposte, a subsidiary.

TERMS AND CONDITIONS

Fees paid by CNP Assurances pursuant to this contract in 2011 amounted to €13.3 million. This amount was rebilled to the subsidiaries concerned.

2.7 Securities management agreement with Natixis AM

NATURE AND PURPOSE

At its meeting on 24 June 2008, the Board of Directors authorised Gilles Benoist, in his capacity as legal representative of CNP Assurances, to enter into and sign a securities portfolio management agreement with Natixis AM.

CNP Assurances entrusted Natixis AM with the management of some of its assets, in its name and on its behalf. In light of the changes in the services provided and the merger of CNP Assurances with Ecureuil Vie, the 1998 agreement and the asset management agreement between Ecureuil Vie and Natixis AM were terminated. The original agreements were replaced by a new asset management agreement.

Pursuant to this agreement, CNP Assurances gives full powers to Natixis AM to manage – in its name and on its behalf, or in the name and on behalf of its insurance subsidiaries – the portfolios referred to in the agreement and the cash deposited in a related account, subject to compliance with the applicable regulations and the investment guidelines and instructions issued by CNP Assurances.

TERMS AND CONDITIONS

Natixis AM receives a fee for its financial management services, determined as follows:

- a fixed annual fee per portfolio (except for portfolios invested exclusively in mutual funds);
- a variable fee calculated at a declining rate based on the value of assets under management, with different rates applying according to the type of securities held.

Fees paid by CNP Assurances pursuant to this agreement in 2011 amounted to €18 million.

2.8 Real estate management agreement with AEW Europe

NATURE AND PURPOSE

At its meeting on 24 June 2008, the Board of Directors authorised Gilles Benoist, in his capacity as legal representative of CNP Assurances, to enter into and sign a real estate portfolio management agreement with AEW Europe.

Pursuant to the asset management agreement of 11 November 1998, AEW Europe was responsible for managing real estate assets and real estate companies initially held by Ecureuil Vie. On 31 December 2006, Ecureuil Vie announced its intention to terminate this agreement which was first extended to 30 June 2008 and then replaced by the framework agreement signed on 11 July 2008.

Pursuant to this agreement, AEW Europe is responsible for managing the real estate portfolio set out in the agreement and providing assistance and advice for the definition and implementation of the strategy of investing in and managing new assets as well as assets and interests that were owned by Ecureuil Vie and are now held by CNP Assurances.

TERMS AND CONDITIONS

AEW Europe receives a fee determined as follows:

- for its real estate management services: a percentage of rents collected based on property type, exclusive of taxes and charges;
- for its strategic asset management services: a percentage of rents collected, exclusive of taxes and charges, where AEW Europe provides rental and technical management services or a lump sum payment for the provision of strategic asset management services where AEW Europe does not provide rental and technical management services;
- for its corporate management services: an annual lump sum payment;
- for project management: remuneration based on the amount invoiced, excluding tax;
- for consolidation purposes: an annual lump sum payment;
- a percentage of the purchase and/or sale price of the real estate properties purchased or sold with its assistance.

In 2011, fees paid by CNP Assurances to AEW for these services amounted to €4.6 million.

2.9 Extension of the master partnership agreement between CNP Assurances and Groupe Caisse d'Epargne (since renamed Groupe BPCE)

NATURE AND PURPOSE

At its meeting on 18 July 2006, the Supervisory Board authorised the extension until 31 December 2015 of the master partnership agreement between CNP Assurances and Groupe Caisse d'Epargne setting the terms and conditions of their cooperation in the individual life insurance and savings market through Ecureuil Vie which merged with CNP Assurances on 1 January 2007.

TERMS AND CONDITIONS

The remuneration received by Groupe Caisse d'Epargne as distributor corresponds mainly to a share of the premium and asset loadings and the management fees charged on financial products.

The amount paid by CNP Assurances under the commission agreement between CNP Assurances and Groupe Caisse d'Epargne came to €594.9 million in 2011.

2.10 Extension until 31 December 2015 of the master partnership agreement between CNP Assurances and La Banque Postale

NATURE AND PURPOSE

On 18 July 2006, the Supervisory Board authorised the extension until 31 December 2015 of the master partnership agreement between CNP Assurances and La Banque Postale. The agreement sets the terms and conditions of the two partners' cooperation in the individual life insurance and savings market through La Banque Postale.

TERMS AND CONDITIONS

The remuneration received by La Banque Postale as distributor corresponds mainly to a share of the premium and asset loadings and the management fees charged on financial products.

Fees paid by CNP Assurances pursuant to this agreement in 2011 amounted to €473.1 million.

2.11 Agreement for the issue of perpetual subordinated notes between CNP Assurances and Caisse Nationale des Caisses d'Epargne et de Prévoyance

NATURE AND PURPOSE

On 10 April 2002, the Board of Directors of Ecureuil Vie (which merged with CNP Assurances effective 1 January 2007) authorised the Company to issue €200 million in perpetual subordinated notes.

TERMS AND CONDITIONS

Interest rate on the notes: 4.7825% until 2013, then Euribor +200 bps from 24 June 2013.

The interest expense recorded by CNP Assurances in 2011 amounted to €9.6 million.

2.12 Agreement for the issue of perpetual subordinated notes between CNP Assurances and Caisse Nationale des Caisses d'Epargne et de Prévoyance

NATURE AND PURPOSE

On 20 April 2004, the Board of Directors of Ecureuil Vie (which merged with CNP Assurances effective 1 January 2007) authorised the Company to issue €183 million in perpetual subordinated notes in two tranches, in the amount of €183 million and €90 million, respectively.

TERMS AND CONDITIONS

Interest rate on the notes:

- first tranche: 4.93% until 2016, then Euribor +160 bps from 15 November 2016;
- second tranche: Euribor 3 months +70 bps until 2016 and Euribor 3 months +160 bps from 15 November 2016.

The interest expense recorded by CNP Assurances in 2011 amounted to €4.4 million for the first tranche and €3.8 million for the second tranche.

2.13 Agreement for the issue of perpetual subordinated notes between CNP Assurances and Caisse Nationale des Caisses d'Epargne et de Prévoyance

NATURE AND PURPOSE

At its meeting on 18 April 2006, the Supervisory Board of Ecureuil Vie (which merged with CNP Assurances effective 1 January 2007) authorised the Company to underwrite a €108 million perpetual subordinated notes issue.

TERMS AND CONDITIONS

Interest rate on the notes: Euribor 3 months +95 bps until 20 December 2026, then Euribor 3 months +195 bps.

The interest expense recorded by CNP Assurances in 2011 amounted to €2.5 million.

2.14 Sale of CNP Assurances' interest in its subsidiary, CNP Seguros de Vida, to Caixa Seguros and sale of most of CNP Assurances' interests in Argentina to the Brazilian holding company, CNP Assurances Brasilia Limitada

NATURE AND PURPOSE

At its meeting on 17 September 2008, the Board of Directors authorised Gilles Benoist, in his capacity as legal representative of CNP Assurances, to sell CNP Assurances' interest in its subsidiary, CNP Seguros de Vida, to Caixa Seguros, a subsidiary of CNP Assurances and to sell most of the other minority interests held by CNP Assurances in Argentina to the Brazilian company Brasilia Limitada ("CNP BHL"), a subsidiary of CNP Assurances.

In 2008, the following Argentine interests were sold: Provincia Seguros de Vida (€2,084,526), Previsol Compania de Seguros de Retiro (€1,000), Asociart (ARS 180,058.94), Prévisol Compania de Seguros de Vida (ARS 44,700).

The Provincia Aseguradora de Riesgos des Trabajo interest was sold in 2009 for ARS 3,460.

TERMS AND CONDITIONS

The sale of the CNP Seguros de Vida and Previsol Administradora de Fondos de Jubilaciones y Pensiones interests did not take place in 2011. The sale of the CNP Seguros de Vida interest is subject to the agreement of Caixa Economica Federal.

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	**Mazars**
Eric Dupont	Jean-Claude Pauly

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3

3.1. SIGNIFICANT EVENTS OF THE YEAR

3.1.1. First half

CREATION OF A LONG-TERM PARTNERSHIP WITH GDF SUEZ IN NATURAL GAS TRANSPORTATION

On 12 July 2011, a public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts laid the foundations for a long-term partnership with GDF SUEZ in natural gas transportation in France and the rest of Europe. The partnership is based on the acquisition of a 25% non-controlling interest in GRTgaz for an amount of €1.1 billion.

This interest was acquired via two companies: Holding d'Infrastructures Gazières (HIG) controlled jointly by the consortium and Société d'Infrastructures Gazières (SIG) wholly owned by HIG, and which holds the 25% interest in GRTgaz.

The investment was financed by SIG via a capital increase subscribed by HIG, and a bond issue in the amount of €500 million subscribed in full by CNP Assurances (for €270 million) and Caisse des Dépôts (for €230 million). SIG's capital increase was financed by a prior capital increase at HIG subscribed by CNP Assurances for €358 million, representing 54.4% of the shares issued.

The transaction was signed on 27 June 2011 and completed on 12 July 2011. The bonds issued were listed on 16 September 2011.

The investment in HIG (€358 million) and the bonds (€270 million) are recognised in the Group's balance sheet under available for sale securities.

SIGNING OF A MAJOR GROUP PENSION AGREEMENT BY CNP EUROPE LIFE

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

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

ISSUE OF SUBORDINATED NOTES

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

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

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

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

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

SUCCESS OF THE INTERACTIVE, INFORMATIONAL WEBSITE WWW.TOUTSAVOIRSURLASSURANCEVIE.FR

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

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

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

PRIZE-WINNING PERSONAL RISK POLICIES

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

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

PRIZES FOR THREE-YEAR PERFORMANCE OF MONEY MARKET AND MUTUAL FUNDS

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

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

3.1.2. Second half

LAUNCH OF A NEW BUSINESS IN BRAZIL

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

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

RECOGNITION OF CAIXA SEGUROS FROM THE BRAZILIAN PRESS

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

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

NEW AERAS CONVENTION

Negotiations were held in 2010 between the public sector, patients' and consumer representative associations, and the banking and insurance sector, culminating in a revised AERAS Convention which was signed in February 2011[(1)].

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

COMMITMENT TO PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

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

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

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

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

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

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

PRIZE-WINNING TERM CREDITOR POLICIES FROM LA BANQUE POSTALE PRÉVOYANCE AND CNP ASSURANCES

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

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

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

3.1.3. Subsequent events

DOWNGRADING OF CNP ASSURANCES' CREDIT RATING TO A+ BY STANDARD & POOR'S

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

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

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

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

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

3.2. MARKET AND BUSINESS REVIEW

3.2.1. Economic and financial environment

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

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

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

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

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

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

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

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

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

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

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

3.2.2. Business review

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

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

Although revenue in France was down 9.1% on a French GAAP basis, this was significantly less than the 14.0% [1] fall in the domestic Life and Pensions market in 2011. With its revenue contribution up 13.0%, Brazil confirmed its role as a key driver of business growth for the Group.

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

(1) CNP Italia branch, CNP UniCredit Vita and CNP BVP Italy.
(2) CNP BVP Portugal (change in consolidation scope in 2010).
(3) Based on exchange rates at 31 December 2011.
(4) CNP España branch, CNP Vida and CNP BVP Spain.
(5) Cofidis Romania.

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

Average technical reserves excluding deferred participation rose by 4.4%.

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

Net new money came to €4.1 billion.

FRANCE

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

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

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

La Banque Postale

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

Caisses d'Epargne

The Caisses d'Epargne savings banks' contribution to consolidated revenue declined by 16.5% to €8.8 billion.

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

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

CNP Trésor

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

(1) Source: FFSA, January 2012.

Financial institutions

The revenue contribution of the Financial Institutions partnership centre amounted to €1.45 billion, a decline of 4.8% versus 2010 that was mainly due to the loss of the Cofidis contract. Excluding the Cofidis effect, underlying revenue was up 7.3%. This performance was achieved in a year when the number of real estate transactions declined but interest rates were still low and loan books were stable.

During the year, CNP Assurances consolidated its existing partnerships and strengthened its position as an insurer of loans granted under the *"1% logement"* government housing scheme, through an agreement with the Sud Est Group, one of the scheme's administrators.

Companies & Local Authorities

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

Mutual Insurers

The Mutual Insurers partnership centre lifted its revenue contribution by 15.4%. MFPrévoyance SA generated revenue of €332 million.

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

INTERNATIONAL OPERATIONS

International revenue remained stable in a year of crisis in Europe, amounting to €6,141 million under IFRS (down 0.7% or 0.3% at constant exchange rates) and €6,921 million under French GAAP (down 1.1%) [(1)].

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

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

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

CAIXA Seguros (Brazil)

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

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

CNP UniCredit Vita (Italy)

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

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

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

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

CNP Marfin Insurance Holding (Cyprus/Greece)

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

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

PREMIUM INCOME BY PARTNERSHIP CENTRE

	IFRS			French GAAP		
	31.12.2011 €m	31.12.2010 €m	% change	31.12.2011 €m	31.12.2010 €m	% change
La Banque Postale	10,183.1	10,613.1	-4.1	10,185.8	10,616.6	-4.1
Caisses d'Epargne	8,807.8	10,548.3	-16.5	8,809.5	10,550.4	-16.5
CNP Trésor	669.6	733.4	-8.7	669.6	733.4	-8.7
Financial institutions France	1,448.3	1,521.8	-4.8	1,448.3	1,521.8	-4.8
Mutual Insurers	974.4	844.5	+15.4	974.4	844.5	+15.4
Companies & Local Authorities	1,696.6	1,730.5	-2.0	1,793.3	1,951.6	-8.1
Other (France)	84.1	137.5	-38.8	84.1	137.5	-38.8
Total France	**23,864.0**	**26,129.2**	**-8.7**	**23,965.0**	**26,355.9**	**-9.1**
CNP Seguros de Vida (Argentina) (1)	31.7	17.1	+84.8	31.7	17.1	+84.8
CNP Vida (Spain)	172.6	242.0	-28.7	172.6	242.0	-28.7
CAIXA Seguros (Brazil) (1)	2,764.2	2,445.8	+13.0	3,177.0	2,814.0	+12.9
CNP UniCredit Vita (Italy)	1,698.8	2,472.9	-31.3	1,982.5	2,778.5	-28.6
Marfin Insurance Holdings Ltd (Cyprus)	210.4	202.9	+3.7	220.5	204.4	+7.9
CNP Europe (Ireland)	449.9	23.4	+1,821.2	449.9	23.4	+1,821.2
CNP BVP (Portugal, Spain, Italy) (2)	727.1	608.2	+19.5	800.4	745.7	+7.3
Financial Institutions outside France (3)	3.5	99.3	-96.5	3.5	99.3	-96.5
Branches	82.8	74.3	+11.4	82.8	74.3	+11.4
Total International	**6,141.0**	**6,185.9**	**-0.7**	**6,920.9**	**6,998.8**	**-1.1**
TOTAL	**30,005.1**	**32,315.1**	**-7.1**	**30,886.0**	**33,354.7**	**-7.4**

(1) Average exchange rates:.
Argentina: €1 = ARS 5.7091.
Brazil: €1 = BRL. 2.3458.

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

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

PREMIUM INCOME BY BUSINESS SEGMENT

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

(1) CNP Italia branch, CNP UniCredit Vita and CNP BVP Italy.
(2) CNP BVP Portugal.
(3) CNP España branch, CNP Vida and CNP BVP Spain.
(4) Cofidis Romania.

3.2.3. OUTLOOK

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

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

3.3. FINANCIAL REVIEW

3.3.1. Consolidated financial statements

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

REVIEW OF RESULTS

Key earnings figures are as follows:

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

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

EBIT comprises:

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

The two drivers of NIR are:

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

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

NON-RECURRING NIR

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

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

RECURRING NIR

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

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

Recurring NIR in the Savings segment

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

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

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

Recurring NIR in the Pensions segment

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

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

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

Recurring NIR in the Risk insurance segment

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

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

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

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

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

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

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

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

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

Administrative costs

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

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

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

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

EBIT

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

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

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

- fair value adjustments to financial assets at fair value through profit (trading securities) net of realised gains and losses on this category of investments, after policyholder participation (representing a negative amount of €137 million in 2011, versus a positive amount of €31 million in 2010);
- gains and losses and impairment provisions booked on equities and investment property (not classified as trading securities). These items, which are considered as being stated net of policyholder participation, represented a negative amount of €269 million in 2011 and a positive amount of €141 million in 2010;
- a non-recurring loss of €2 million; and
- additional general provisions of €657 million in 2010 included on the non-recurring line of the income statement;
- this resulted in operating profit of €1,835.7 million, up 28.8% for the year.

Finance costs

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

Income tax expense

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

Net losses on equities and property (€144 million)

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

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

Profit attributable to owners of the parent

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

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

- CAIXA Seguros, whose contribution rose 11.2% to €218 million (or €220 million at constant exchange rates);
- the increase in profit from CAIXA Seguros attributable to owners of the parent was largely attributable to the negative 11.8% currency effect;
- CNP UniCredit Vita which contributed €14 million before impairment of goodwill, down 11.8% for the year;
- the other European subsidiaries contributed €53 million, an increase of 116.3%.

Consolidated balance sheet at 31 December 2011

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

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

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

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

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

Solvency capital

Solvency capital at 31 December 2011, estimated based on French GAAP equity in accordance with the guidelines issued by the French banking and insurance watchdog (*Autorité de Contrôle Prudentiel*), represented 115% of the regulatory minimum (against 111% one year previously), excluding unrealised gains and losses, including subordinated debt, and net of intangible assets. If unrealised gains are factored back in, the coverage rate was 135%. These figures include the option to pay the dividend in shares. The enhanced rate was partly due to the €300 million in subordinated notes issued in April 2011, less the notes reimbursed at the same date.

Asset portfolio and financial management

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

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

3.3.2. Financial statements of the Company (French GAAP)

PREMIUM INCOME

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

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

Individual insurance products

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

Group insurance products

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

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

(In € millions)	31.12.2011	31.12.2010	2011/2010	31.12.2009
Death	1,821	1,882	-3.2%	1,753
Pensions	910	1,070	-15.0%	1,345
Bodily injury insurance	16	23	9.5%	21
TOTAL	**2,749**	**2,975**	**-30.4%**	**3,119**

Profit

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

Equity

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

Supplier payment deadlines

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

3.3.3. Review of main subsidiaries

CNP IAM

CNP IAM's revenues declined by 7% on the year, from €2,189 million to €2,035 million.

It posted a net loss for the year of €63.8 million, compared with a net loss of €4 million in 2010.

CAIXA Seguros

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

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

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

Attributable profit under IFRS climbed 11% to €218 million.

CNP UniCredit Vita

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

Despite the tough business environment, CNP Vita still managed to generate recurring EBIT of €58.3 million, up 33% on one year previously. If non-recurring items are factored in, EBIT dropped 9% to €52.9 million. Overall NIR fell by 8% but recurring NIR climbed 18% on the year thanks to a more favourable savings product mix and 29% growth in the Term Creditor Insurance business. General expenses, which had been encumbered by migration costs for an IT project in 2010, declined by 17%. This enhanced the operating ratio [(1)] which fell from 58% in 2010 to 41% for the period.

Profit attributable to owners of the parent, before impairment of goodwill, amounted to €14 million, down 11.8% compared to 2010. Factoring in the €75 million impairment of goodwill resulted in an attributable loss of €61 million.

CNP Barclays Vida y Pensiones (CNP BVP)

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

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

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

CNP MIH

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

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

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

3

(1) General expenses/recurring NIR.

3.4. EMBEDDED VALUE REPORT

Introduction

Since 1999, the CNP Assurances 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 value of new business. The scope covers the Group's entities that have a material 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 the CNP Assurances Group's stock portfolio. The value of new business offers a more detailed view of the new businesses sold during the last year.

The published values stem from a "market consistent" approach. The calculations carried out by the CNP Assurances Group comply with the MCEV® [(1)] principles, as set out in the "European Insurance CFO Forum Market Consistent Embedded Value Principles", with the exceptions of the valuation of CAIXA Seguros, which is based on the traditional embedded value method. The activities of CNP UniCredit Vita (Italian subsidiary of CNP Assurances), CNP Vida (Spanish subsidiary of CNP Assurances), the branch CNP Italia, and Barclays Vida y Pensiones (CNP Assurances subsidiary having business activities in Italy, Spain and Portugal) for their part have been valued on the basis of the corresponding states' borrowing rates.

These valuations are methodologically reviewed and the consistency of the results was verified and certified by independent actuarial firm Milliman.

Furthermore, the MCEV® sensitivities have been integrated in the IFRS 7 notes to the financial statements, and as such are subject to review by the Statutory Auditors.

(1) Market Consistent Embedded Value.

3.4.1. Results

3.4.1.1. MCEV® AT 31 DECEMBER 2011

MCEV® standards *In € millions*	MCEV® 2011 before payment of 2011 dividends		MCEV® 2010 after payment of 2010 dividends		Variance before payment of 2011 dividends		MCEV® 2010 before payment of 2010 dividends	
	In €m	*€/share*	*In €m*	*€/share*	*In €m*	*%*	*In €m*	*€/share*
ANAV – Adjusted Net Asset Value	**9,411**	**15.8**	**8,536**	**14.4**	**875**	**10%**	**8,993**	**15.1**
Required capital	7,844	13.2	7,623	12.8	221	3%	7,623	12.8
Free surplus	1,567	2.6	913	1.5	654	72%	1,369	2.3
VIF – Value of In-Force	**2,448**	**4.1**	**3,089**	**5.2**	**(641)**	**-21%**	**3,089**	**5.2**
Present value of future profits	5,793	9.7	6,538	11.0	(745)	-11%	6,538	11.0
Time value of options and guarantees	(1,664)	(2.8)	(1,787)	(3.0)	123	-7%	(1,787)	(3.0)
Frictional costs of required capital	(1,080)	(1.8)	(1,114)	(1.9)	34	-3%	(1,114)	(1.9)
Costs of non-hedgeable risks	(601)	(1.0)	(548)	(0.9)	(53)	10%	(548)	(0.9)
MCEV® - Market Consistent Embedded Value	**11,859**	**20.0**	**11,625**	**19.6**	**234**	**2%**	**12,081**	**20.3**

(1) Number of shares at 31 December 2011 and at 31 December 2010: 594,151,292.

The 2011 MCEV® of CNP Assurances is €11,859 million, 2% up on the 2010 value after dividends. This change is attributable to a 10% increase in Adjusted Net Asset Value, driven by the 2011 results.

The Value of In-Force was down 21%, primarily due to the deteriorating financial markets, including a fall in share prices and wider spreads in a highly volatile context.

Adjusted Net Asset Value

The Adjusted Net Asset Value is calculated on the basis of equity under IFRS, after the following adjustments:

- elimination of intangible assets on the IFRS balance sheet such as goodwill and distribution agreements, Value of In-Forces and DAC;
- deduction of the share of revalued policyholder portfolios already accounted for in the Value of In-Force, and the adding back of shareholders' interest in unrealised gains not accounted for under IFRS (property and held-to-maturity securities); and
- the reclassification of subordinated debt.

3.4.1.2. VNB AT 31 DECEMBER 2011

MCEV® standards *In € millions*	**2011** *In €m*	**2011** *€/share*	**2010** *In €m*	**2010** *€/share*	**Change** *In €m*	**Change** *%*
Present value of future profits	631	1.1	746	1.3	(115)	-15%
Time value of options and guarantees	(117)	(0.2)	(177)	(0.3)	60	-34%
Frictional costs of required capital	(83)	(0.1)	(106)	(0.2)	23	-22%
Costs of non-hedgeable risks	(69)	(0.1)	(70)	(0.1)	1	-1%
Value *of new business*	**362**	**0.6**	**393**	**0.7**	**(31)**	**-8%**
APE (1)	2,938		3,186		(248)	-8%
PVNBP (2)	25,491		28,427		(2,936)	-10%
APE ratio	**12.3%**		**12.3%**		**+0.0%**	**0%**
PVNBP ratio	**1.4%**		**1.4%**		**+0.0%**	**3%**

(1) APE is a premium income volume indicator, equal to one-tenth of the sum of one-off premiums and flexible premiums written during a given year plus the annualised amount of regular premiums written during that same year.

(2) PVNBP is the present value of projected new business premiums.

The 2011 value of new business stands at €362 million, down 8% in line with the volume of APE. The trend in APE volume reflects the decline in premium income on the French market.

The breakdown by country is presented in section 3.2.1 of the Embedded Value report.

The Group's APE ratio remained steady at 12.3%, with the international share now representing 22.8% of APE volume in 2011 versus 21.5% in 2010.

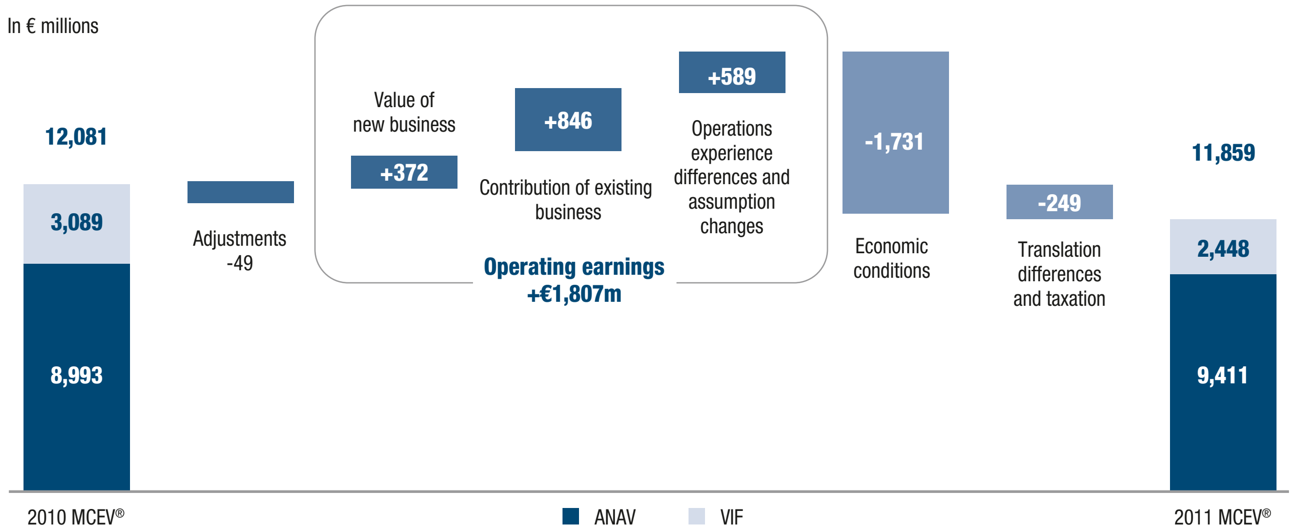
3.4.1.3. SENSITIVITIES

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

In € millions	**ANAV**	**VIF**	**MCEV®**	**VNB**
MCEV® - Market Consistent Embedded Value	**9,411**	**2,448**	**11,859**	**362**
+100 bp change per year in the interest rate environment	(229)	166	(63)	18
-100 bp change per year in the interest rate environment	229	(351)	(122)	(68)
+10 bp change in the liquidity premium		49	49	3
10% decrease in equity values	(248)	(436)	(684)	
10% decrease in lapse rates		193	193	27
10% decrease in maintenance expenses		348	348	32
Required Capital equal to regulatory solvency margin		86	86	7
5% decrease in base mortality/morbidity rates - longevity risk		(75)	(75)	0
5% decrease in base mortality/morbidity rates - mortality and disability risk		154	154	50
25% increase in swaption implied volatilities		(641)	(641)	(39)
25% increase in equity implied volatilities		(316)	(316)	(25)

The use of a counter-cyclical premium of 182 bp over swap rates would have a positive €649 million impact on the VIF and €35 million on the VNB.

3.4.1.4. ANALYSIS OF EARNINGS



The analysis of earnings highlights the significant contribution of **operating earnings** in the increase in MCEV® between 2010 and 2011, which breaks down as follows:

- €372 million of value of new business;
- a contribution of €846 million derived from existing business at 31 December 2010;
- €589 million in operational experience differences and assumption changes.

Financial market movements in 2011 translated into a €1,731 million decrease recorded under "**economic conditions**". The widening spreads on sovereign securities combined with the decline in equity markets resulted in a decline in unrealised gains on asset portfolios. In addition, markets remain highly volatile.

The other items contributing to MCEV® of €11,859 million are, in equal proportions, changes in the euro/real exchange rate and tax rates, resulting in a negative impact of €249 million.

3.4.1.5. FREE OPERATING CASH FLOW

The "Free operating cash flow" indicator demonstrates the CNP Group's ability to generate free surplus to:

- pay dividends;
- develop its activities through new business or external growth.

In € millions	2010	2011
Transfers from the VIF to the free surplus	745	835
Financial income from the free surplus	37	48
Release of the required capital to the free surplus	508	523
Difference observed due to operating earnings	491	332
Expected contribution from In-Force	**1,781**	**1,738**
Required capital for the new business	(903)	(843)
2011 profits generated by the new business	(5)	(27)
Required capital for the new business	**(908)**	**(870)**
FREE OPERATING CASH FLOW	**873**	**868**

3.4.1.6. IDR IMPLIED DISCOUNT RATE

The IDR rate stood at 8.1% at the level of the CNP Assurances Group at 31 December 2011 versus 7.7% at 31 December 2010, after the impact of initial adjustments. It is calculated on the basis of a 20 bp spread on existing corporate bonds. The benchmark rate curve benefited from a 20 bp spread, and equities and property from a 200 bp risk premium.

3.4.2. Breakdown of results by country

3.4.2.1 VIF BY COUNTRY AT 31 DECEMBER 2011

The table below shows a breakdown of value of In-Force by country:

In € millions		Group	France	International	Of which Brazil	Of which Italy	Of which Spain [(1)]
	Present value of future profits	5,793	4,957	835	575	138	89
	Time value of options and guarantees	(1,664)	(1,588)	(76)	0	(73)	(3)
	Frictional costs of required capital	(1,080)	(1,033)	(47)	(28)	(12)	(7)
	Costs of non-hedgeable risks	(601)	(541)	(59)	0	(36)	(16)
2011 MCEV®	**Value of In-Force**	**2,448**	**1,795**	**653**	**547**	**17**	**62**
	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)
2010 MCEV®	**Value of In-Force**	**3,089**	**2,355**	**733**	**528**	**111**	**63**
	In € millions	**(641)**	**(560)**	**(80)**	**20**	**(93)**	**0**
Evolution	%	**-21%**	**-24%**	**-11%**	**4%**	**-84%**	**0%**

(1) Spain includes BVP Barclays Vida y Pensiones and CNP Vida.

VIF decreased by 21%. The pension savings portfolios of the CNP Assurances Group's European subsidiaries suffered on account of the sovereign debt crisis and the decline in equity markets. However, Brazil continued to grow with business up 4% (up 13% at constant exchange rates).

3.4.2.2. VNB AT 31 DECEMBER 2011

APE VOLUME

In € millions	Group	France	International	Of which Brazil	Of which Italy	Of which Spain
IFRS 2011 premium income	**30,005**	**23,864**	**6,141**	**2,764**	**1,699**	**900**
IFRS 2010 premium income	32,315	26,129	6,186	2,446	2,473	850
Premium income change rate	-7%	-9%	-1%	13%	-31%	6%
2011 APE	**2,938**	**2,268**	**670**	**453**	**147**	**64**
2010 APE	3,186	2,499	686	420	192	69
APE change rate	-7.8%	-9.2%	-2.3%	7.9%	-23.4%	-7.2%
2011 PVNBP	**25,491**	**21,875**	**3,616**	**2,019**	**948**	**587**
2010 PVNBP	28,427	24,158	4,269	1,879	1,696	640
PVNBP change rate	-10.3%	-9.5%	-15.3%	7.5%	-44.1%	-8.2%

VNB BY COUNTRY AT 31 DECEMBER 2011

	Group		France		International		Of which Brazil		Of which Italy		Of which Spain	
In € millions	NB	APE ratio	NB	APE ratio	NB	APE ratio	NB	APE ratio	NB	APE ratio	NB	APE ratio
New business 2010	**393**	**12.3%**	**222**	**8.9%**	**171**	**24.9%**	**124**	**29.6%**	**19**	**10.1%**	**24**	**34.9%**
Change in model	392	12.2%	222	8.8%	169	24.6%	124	29.6%	19	10.1%	23	35.3%
Change in APE volume	386	13.0%	200	8.8%	186	26.1%	146	29.6%	15	10.1%	21	33.4%
Change in product mix	390	13.1%	205	9.0%	185	26.0%	135	27.4%	24	16.2%	22	34.8%
Change in experience differences	392	13.2%	212	9.4%	180	25.3%	134	27.1%	23	15.9%	19	30.3%
Change in financial market conditions	373	12.5%	202	8.9%	171	24.0%	129	26.2%	18	12.2%	20	32.1%
Change in tax rate	372	12.5%	201	8.9%	171	24.0%	129	26.2%	18	12.2%	20	32.1%
Change in exchange rates	362	12.3%	201	8.9%	160	23.9%	119	26.2%	18	12.2%	20	32.1%
2011 NEW BUSINESS	**362**	**12.3%**	**201**	**8.9%**	**160**	**23.9%**	**119**	**26.2%**	**18**	**12.2%**	**20**	**32.1%**
Change	**(31)**	**0.0%**	**(21)**	**0.0%**	**(11)**	**-1.0%**	**(6)**	**-3.4%**	**(1)**	**2.1%**	**(4)**	**-2.8%**

3.4.3. Methodology

3.4.3.1. SCOPE

The scope considered was that of all CNP Assurances Group entities that have a material impact on value; its subsidiaries in France and abroad. This scope represents 99.2% of technical provisions at 31 December 2011.

Geographic area	Entities	% interest
	CNP Assurances	Consolidating entity
	CNP IAM	100%
	Préviposte	100%
	ITV	100%
	CNP International	100%
	MFPrévoyance SA (1)	64.72%
France	La Banque Postale Prévoyance	50%
	CNP UniCredit Vita	57.5%
Italy	Italian branch of CNP Assurances	100%
Brazil	CAIXA Seguros	51.75%
	CNP Vida	94%
	EstalVida	75.35%
Spain	Barclays Vida y Pensiones (2)	50%
Cyprus	Marfin Insurance Holding	50.1%

(1) The valuation at 31.12.2011 includes the new partnership with MFPrévoyance SA, in which CNP Assurances has a 64.72% equity interest.
(2) Including business in Portugal and Italy.

The other entities were valued in compliance with IFRS principles.

Group activities

The CNP Assurances Group's activities are primarily centred on personal insurance:

- individual traditional savings and unit-linked products;
- individual retirement savings;
- individual and group risk;
- group retirement savings;
- term creditor insurance.

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

3.4.3.2. ADJUSTED NET ASSET VALUE

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

ANAV is calculated on the basis of equity under IFRS, after the following adjustments:

- elimination of intangible assets on the IFRS balance sheet such as goodwill and distribution agreements, Values of In-Force and DAC;
- deduction of unrealised capital gains and losses already accounted for in the Value of In-Force, and the adding back of shareholders' interest in unrealised gains not accounted for under IFRS (property and held-to-maturity securities); and
- the reclassification of subordinated debt.

Analytically, the ANAV is determined as the consolidated group share at the date of valuation and it breaks down into required capital and free surplus.

Required capital

The required capital is the market value of assets underlying shareholders' equity whose distribution to shareholders is restricted.

Required capital is the level of capital a company sets itself to achieve a targeted credit rating and to control its own risks. The capital level set by the CNP Assurances Group to manage its risk equals 110% of the regulatory solvency margin requirement (as per Solvency I) net of all other sources of funding such as subordinated debt. Subordinated debt covers 41.4% of the margin requirement as of 31 December 2011.

Free surplus

Free surplus is the market value of assets, excluding assets backing Group liabilities, after deducting required capital.

3.4.3.3. VALUE OF IN-FORCE COVERED BUSINESS

PVFP – Present value of future profits

The PVFP is the present value of future profits net of tax generated by In-Force covered business at the valuation date.

This value is calculated using a market consistent methodology except for CAIXA Seguros, for which the traditional methodology is used.

This value reflects the intrinsic value of financial options and guarantees in the portfolio, their time value being accounted for separately in the TVOG to determine the VIF.

Under MCEV® methodology, no risk premium is included in the projected returns and in the discount rates. The benchmark rate curve is the swap rate curve plus a liquidity premium, except for CNP UniCredit Vita, CNP Vida¸ CNP Italia and Barclays Vida y Pensiones, for which the corresponding government borrowing rates are used.

Frictional costs of required capital

The need to back required capital for covered business entails allocating a frictional cost to Embedded Value and to the value of new business. In market consistent modelling, the frictional cost corresponds to the tax impact and investment costs on assets backing required capital.

The frictional cost of capital required also takes into account the cost of financing a portion of required capital with subordinated debt. This cost is calculated as the difference between the economic value and the face value of subordinated debt. The CNP Assurances Group defines this economic value as the net present value of the future cash flows paid to the holders of the debt securities, 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.

Time value of options and guarantees

CNP Assurances has chosen a market consistent approach to value the main financial options and guarantees stipulated in contracts.

The main options and guarantees include:

- minimum guaranteed interest rate;
- profit sharing option;
- guaranteed annuity option;
- guaranteed minimum death benefits within unit-linked contracts;
- guarantee of technical rate for annuity business and guaranteed acquisition premium associated with the Préfon portfolio;
- guarantee on the surrender values, surrender option.

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 policyholders 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 movements.

Method for calculating risk-neutral valuation

Valuation implements a stochastic model based on a risk-neutral approach. This approach defines the price of an asset as the expected present value of future cash flows discounted at risk-free rate. The scenarios are taken from the generator developed by Barrie & Hibbert, which generates 1,000 equiprobable scenarios that forecast:

- changes in a stock index;
- changes in a property index;
- the actual rate curve for maturities between 1 and 50 years;
- the nominal rate curve for maturities between 1 and 50 years.

Inflation is obtained as the difference between the actual rate and the nominal rate. Share dividend and property rent rates (set at 2.5%) are assumed to be constant.

The techniques used by the Group to calibrate the economic scenario generator are described in the "Assumptions" section of this report.

In addition, the projection model includes a dynamic surrender component, which factors in the tendency of policyholders to surrender their contracts when their return underperforms compared with a market benchmark.

Given the economic and financial context in Brazil, the CNP Assurances Group has opted for a traditional valuation method for its Brazilian subsidiary CAIXA Seguros. This approach is motivated by the lack of market parameters needed for a valuation consistent with the principles of the CFO Forum. Moreover, the activities of CAIXA Seguros mainly consist in hedging insurance risks. Financial options are considered marginal relative to the scale of the CNP Assurances Group.

Costs of residual non-hedgeable risks

In accordance with Principles 6 and 9 of the CFO Forum, 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 TVOG;
- the asymmetrical effect of some non-hedgeable risks on value;
- the underlying uncertainty inherent in "best estimate" assumptions for non-hedgeable risks.

CNP Assurances uses a cost of capital approach to measure residual non-hedgeable risks. The capital allocated for these risks is the capitalization target CNP Assurances must achieve to comfortably withstand exceptional shocks, and that are not taken into account in other respects in the TVOG and PVFP. The allocated capital for these risks is consistent with a 99.5% confidence level over a one-year time horizon.

RISKS NOT MODELLED IN THE TVOG AND PFVP

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 risk between policyholders and shareholders, depending on various trends in non-financial parameters, generates a cost that must be factored into the valuation 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 so-called "best estimate" assumptions: claims rate, surrender risk, expenses risk. An additional cost, related to the underlying uncertainty inherent in making such assumptions, has been included in the value.

3.4.3.4. VALUE OF NEW BUSINESS

Definition of new business

The projections used to estimate the value of one year's new business are based on the profile and the volume of premiums of the business written during 2011.

INDIVIDUAL TRADITIONAL RETIREMENT SAVINGS AND UNIT-LINKED PRODUCTS

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 one-off premiums.

INDIVIDUAL RISK

New business only includes 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 one-off 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 2011 premium income.

TERM CREDITOR INSURANCE

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

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 the present value of projected profits of policies written during the year less the frictional costs of required capital, the time value of financial options and guarantees and the cost of residual non-hedgeable risks.

The value of new business is based on projected cash flows from the date of issue. The economic assumptions are based on observed market conditions at 31 December 2011.

In accordance with the "standalone" method used by CNP Assurances, no unrealised gains are allocated to the new business. The new business premiums are invested in new assets available at valuation date according to the acquisition strategy observed during the year. Therefore there is no sharing of unrealised gains and losses between the In-Force and the new business.

APE - Annual Premium Equivalent

The APE, a premium income volume indicator, equal to one-tenth of the sum of one-off premiums and flexible premium written during a given year plus the annualised amount of regular premiums written during that same year. Unlike IFRS premium income, the APE generated through new business is defined as the Group share of written premiums net of reinsurance and coinsurance. Furthermore, the exchange rate is that at 31 December 2011, not the average rate used to determine IFRS premium income.

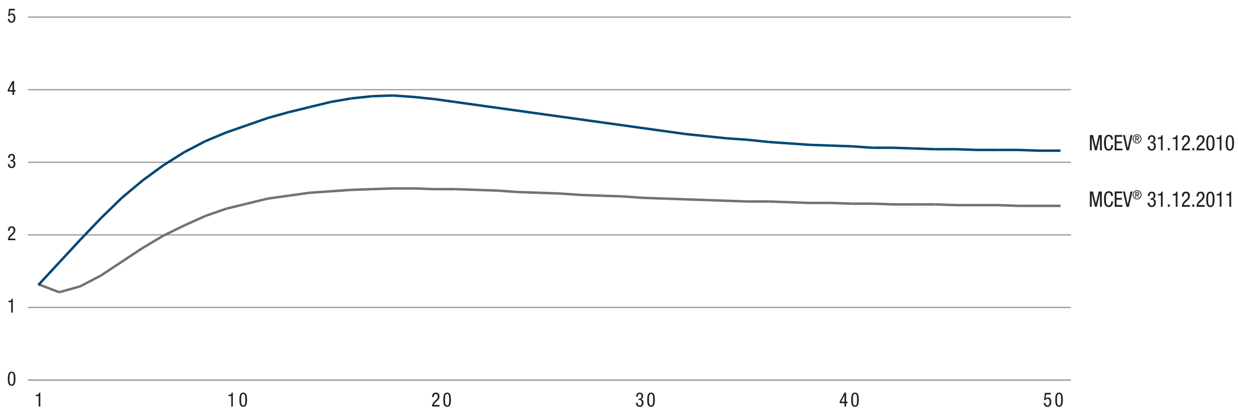
3.4.4. Assumptions

3.4.4.1. FINANCIAL ASSUMPTIONS

The Embedded Value calculations are based on economic conditions as at 31 December 2011.

Benchmark interest rate curve

The data used to describe the initial state of the yield curve is taken from the swap yield curve supplied by Barrie & Hibbert at 31 December 2011. After stripping out the coupons, the curve is smoothed and reduced by 10 bp for credit risk.



In compliance with MCEV® Principle 14, CNP Assurances includes a liquidity premium in the benchmark yield curve. The market liquidity premium matches the Maximum [0; 50% × (Spread of corporate bonds -40)] +10 bp, the spread of corporate bonds being determined as the margin on the swap rate of the iBoxx € Corporates bond index. The premium amounts to 108 bp above the swap yield curve. Only a fraction of this premium is allocated to different categories of contracts. The following table summarises the liquidity premium selected for each category, in reference to the swap rate:

Category	2010	2011
Unit-linked savings	-	49 bp
Individual risk	27 bp	49 bp
Term creditor insurance	27 bp	79 bp
Group risk	27 bp	79 bp
Euro savings	41 bp	79 bp
Individual retirement savings	41 bp	79 bp
Group retirement savings	41 bp	79 bp

Calibration of the interest rate model

The economic scenario generator used for nominal rates is the Libor Market Model (LMM) with two factors. The swaption volatility inputs are as follows.

Swaption 20 year maturity	1 year	2 years	5 years	10 years	20 years
MCEV® at 31 December 2010	24.0%	22.0%	18.2%	17.5%	21.7%
MCEV® at 31 December 2011	38.5%	35.3%	30.3%	28.7%	29.2%

The actual rates are generated using the Vasicek model with two factors, which has been calibrated on treasury bonds indexed to inflation.

Calibration of the equities model

A different level of volatility for each projection term between 1 and 10 years was used to generate the stock index (deterministic volatility model); these are given in the table below.

Maturity	1 year	2 years	5 years	10 years	20 years
MCEV® at 31 December 2010	24.1%	24.6%	25.8%	27.4%	27.4%
MCEV® at 31 December 2011	29.3%	28.0%	27.5%	27.9%	27.9%

The volatility inputs have been calibrated on the basis of implicit forward ATM volatilities on the Eurostoxx index at 31 December 2011.

The correlation coefficients between the various factors (share, actual rates and nominal rates) are determined by Barrie Hibbert on the basis of econometric tests and expert opinion.

Property volatility is set at 15%.

Economic assumptions for Brazil

		2012	2013	2014	2015	2016	2017	Post 2017
	Discount rate	13.1%	12.8%	12.0%	12.3%	11.9%	11.6%	11.3%
	Yield on assets	11.0%	10.4%	10.0%	9.7%	9.0%	8.5%	8.0%
	Inflation	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
2010 MCEV®	Risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
	Discount rate	12.5%	12.9%	12.6%	12.5%	11.9%	11.6%	11.3%
	Yield on assets	10.0%	10.7%	10.2%	10.0%	9.0%	8.5%	8.0%
	Inflation	5.5%	5.1%	4.9%	4.7%	4.7%	4.7%	4.7%
2011 MCEV®	Risk premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

The euro-to-real (EUR/BRL) exchange rate rose from 2.2209 on 31 December 2010 to 2.4159 on 31 December 2011.

Economic assumptions for Italy, Portugal and Spain

The values used to determine the initial yield curve at 31 December 2011 for the Italy, Portugal and Spain region are the state borrowing rates at 31 December 2011. No liquidity premium was added to these benchmark curves.

Reference curve	1 year	2 years	5 years	10 years	20 years
MCEV® at 31 December 2011 - Italy	4.64%	5.08%	6.11%	6.87%	7.08%
MCEV® at 31 December 2011 - Portugal	15.22%	15.90%	16.55%	14.19%	9.26%
MCEV® at 31 December 2011 - Spain	3.21%	3.47%	4.26%	5.49%	6.30%

3.4.4.2. TAX RATE

The tax rate used to calculate Embedded Value is the standard corporate tax rate applied in countries where the CNP Assurances Group operates:

	France	Italy	Spain	Portugal	Brazil
MCEV® at 31 December 2010	34.43%	32.32%	30%	29%	40% (1)
MCEV® at 31 December 2011	36.10%	34.32%	30%	29%	40% (2)

(1) With the exception of CAIXA Consorcio, for which the tax rate has been maintained at 34%.
(2) Exceptional increase applied to tax paid in 2012 and 2013.

Tax credits used in France to reduce the standard corporate tax rate are valued elsewhere.

3.4.4.3. COST OF CAPITAL FOR RESIDUAL NON-HEDGEABLE RISKS

A rate of 5% is applied to the capital relating to non-modelled and asymmetrical risks. The capital allocated for uncertainty in assumptions is subject to the frictional costs of holding that capital.

The average rate applied to the capital was 2.7% at 31 December 2010 and 2.8% at 31 December 2011.

3.4.4.4. NON-ECONOMIC ASSUMPTIONS

Administrative costs

For each accounting year, CNP Assurances Group carries out a functional cost analysis: acquisition, management, claims, investment costs and other technical and non-technical expenses. A breakdown by company, product group and network is then analysed. The expenses basis resulting from this analysis has been lowered by €17 million for non-recurring expenses, as observed in the accounts at 31 December 2011.

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

Claims and persistency assumptions

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

3.4.5. Opinion of Milliman (independent actuarial firm)

We have reviewed the Embedded Value figures of the CNP Assurances Group at 31 December 2010. In the course of our work, we assessed the methodology, the assumptions used and the calculations performed internally by the CNP Assurances Group's teams, under management responsibility. Our review covered Embedded Value at 31 December 2010, the 2010 value of new business, the analysis of differences between Embedded Value at 31 December 2009 and at 31 December 2010, and the sensitivities used.

In our opinion, the methodology used complies with Principles 1 to 16 of the "European Insurance CFO Forum Market Consistent Embedded Value Principles" and the calculations were carried out in compliance with this methodology.

The CNP Assurances Group added a liquidity premium of 79 bps to derive the benchmark rate for individual traditional savings and individual and group retirement savings, and added a liquidity premium of 49 bps to derive the benchmark rate for individual and group risk business.

The portfolios of CNP UniCredit Vita (the Italian subsidiary of CNP Assurances), CNP Vida (Spanish subsidiary), CNP Italia (Italian branch) and Barclays Vida y Pensiones (subsidiary operating in Spain, Portugal and Italy) were valued using the appropriate government bonds yield curve.

The calculations performed for CAIXA Seguros have been carried out according to a traditional Embedded Value approach which captures risk through the use of a risk premium.

Moreover, the information disclosed in "CNP Assurances – Embedded Value report at 31 December 2010" complies with the CFO Forum European Embedded Value principles currently in force.

In arriving at these conclusions, we have used data and information provided by the CNP Assurances Group without undertaking an exhaustive review of these data. We have performed limited global consistency checks and reconciliations as well as more detailed analysis on certain specific portfolios. We have checked that none of the issues arising during our review had a material impact at Group level.

The calculation of Embedded Value necessarily relies on numerous assumptions with respect to financial and operating conditions, policyholders' behaviour, taxes and other matters, most of which are not under the control of the CNP Assurances Group's management. Although the assumptions used represent estimates that the CNP Assurances Group and Milliman believe are reasonable, actual outcomes may vary from assumptions in the calculation of Embedded Value.

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3.5. SOCIAL CORPORATE CITIZENSHIP AND ENVIRONMENTAL INFORMATION

THE GLOBAL COMPACT
WE SUPPORT

As a specialist in risk management, with extensive experience in financial protection, the Group is extremely committed to long-term sustainable development. The Group has always operated with a focus on corporate social responsibility ("CSR"), completely aligned with its main shareholders and its major distribution partners, whose corporate mission is to serve the public interest.

By being among the first French companies to pledge support for the UN Global Compact in 2003, the Group gave new impetus to these commitments and expanded its sustainable development initiatives. The Group's international subsidiaries share these strategies. The Group's Argentinean and Brazilian subsidiaries pledged support to the UN Global Compact in 2008, followed by the Italian company CNP UniCredit Vita in 2010.

In 2009, the Company was actively involved in drafting the Sustainable Development Charter of the French Insurance Association. The insurance industry was one of the first industries in France to work collectively on the issue of sustainable development and how it applies to the various segments of its business. In 2010, a Bilan Carbone® assessment was performed for the first time at the majority of the Group's sites in France. In 2011, adherence to the UN's Principles for Responsible Investment enshrined the progress made within its core business and the Board of Directors' determination since 2009 to see widespread integration of social responsibility criteria in all asset selection and management processes through the establishment of objectives.

The quality of the Group's sustainable development programme has been recognised by socially responsible investment ("SRI") analysts. Vigéo ranks CNP Assurances among the leading European insurers. The Group's performance ranks particularly high in terms of Human Resources and corporate citizenship. The Group's shares are listed on several European SRI indices. In November 2010, the Group's shares were included in the Ethibel Excellence Investment Register as well as the ASPI Eurozone 120 index.

As part of its commitment to CSR, CNP Assurances has set up a Sustainable Development department which reports directly to the Chief Executive Officer and handles all CSR-related matters. The Board of Directors is responsible for validating sustainable development objectives.

Additional information on the CSR policy is set out in the "Presentation of businesses and strategy" section.

CSR risks are described in section 2.5, "Internal control and risk management" section.

The sustainable development programme was consolidated in 2011.

A responsible employer

All of the Group's companies share four principles:

- respect for human rights;
- freedom of association and the right to collective bargaining;
- support to employees throughout their careers;
- promotion of equal opportunities.

Protecting the environment

The business activity of a financial group like CNP Assurances has a limited direct impact on the environment. This impact primarily consists of CO_2 emissions. However, every effort is made to reduce overall consumption, particularly with respect to the three main sources of direct emissions: paper use for day-to-day operations and relations with policyholders, business travel and the management of property used for business operations.

Indicators

CNP Assurances has chosen to present CSR indicators on the basis of forthcoming regulations, while ensuring compliance with the French law on new economic regulations (NRE). As such, indicators encompass both business in France, pursuant to the NRE law, as well as consolidated entities under the provisions of the draft decree.

All CSR indicators will be published in our 2011 Sustainable Development Report, which can be consulted by visiting www.cnp-finances.fr.

SCOPE

Indicators concern two different scopes

1) CNP Assurances:

This includes the following legal entities: CNP Assurances, CNP IAM, Préviposte, ITV and CNP International. The scope used to measure water and energy consumption includes offices in Paris, Angers and Arcueil, excluding offices in the rest of France, i.e., 93,000 sq.m., which corresponds to 88% of the office space used by Company employees.

2) Consolidated CNP Assurances Group:

Unless stated otherwise, information given with respect to the "Consolidated CNP Assurances Group" concerns fully consolidated subsidiaries: CNP Assurances, CNP Vida, CNP Seguros de Vida, CAIXA Seguros, CNP UniCredit Vita, Marfin Insurance Holding, CNP Europe Life, and Barclays Via y Pensiones, as well as their consolidated subsidiaries. This scope is identical to the indicators presented for 2010.

This scope corresponds to the financial reporting scope with the exception of the subsidiaries La Banque Postale Prévoyance (38 employees) and MFPrévoyance SA (71 employees). As a result, the scope defined as the "Consolidated CNP Assurances Group" covers 98% of employees from entities consolidated for accounting purposes. The scope of environmental data was extended in 2011 to include CNP UniCredit Vita. The environmental data presented do not include the offices of BVP in Italy or Portugal, which together represent 0.7% of CNP Assurances Group employees.

PERIOD UNDER REVIEW

Indicators mapping movements refer to the period from 1 January 2011 to 31 December 2011 and indicators of quantities at a specific date refer to year-end.

METHODOLOGY

Information relating to CNP Assurances is supplied by operational departments (HR department, building management, purchasing department) and is broken down by site, where necessary. Information concerning international subsidiaries is consolidated at the level of each subsidiary and communicated to CNP Assurances. A consistency check is performed by the Sustainable Development department which is responsible for consolidating the data.

LIMITATIONS TO THE COMPLETENESS AND RELIABILITY OF INFORMATION

Some environmental data have been estimated when the direct measurement is not available. Furthermore, the definitions of social indicators may differ slightly between countries. However, "Consolidated CNP Assurances Group" indicators used in the tables below are consistent and material.

VERIFICATION

For the first time this year, one of our Statutory Auditors performed an analysis which allows us to provide moderate assurance on a selection of environmental and social indicators published in this report. This audit review report can be found on pages 132-133.

GUIDELINES

The indicators describing the CSR component of the Group's business model correspond to the main Global Reporting Initiative (GRI) indicators. Benchmark indicators can be consulted by visiting the GRI website at https://www.globalreporting.org.

Social indicators

	Indicators and corresponding GRI	Scope	2010 data
1	**Total headcount**		
	Headcount		
	LA1	CNP Assurances	3,068 employees: 239 civil servants, 56% management grade, 97.5% on permanent contracts
		Consolidated CNP Assurances Group	4,537
	Breakdown of workforce by gender		
	LA1	CNP Assurances	62% women
		Consolidated CNP Assurances Group	60% women
	Breakdown of workforce by age		
	LA13	CNP Assurances (excluding Caisse des Dépôts civil servants)	0% under 20 0.5% 20 to 24 5.2% 25 to 29 12.8% 30 to 34 19.4% 35 to 39 17.3% 40 to 44 13.6% 45 to 49 14.2% 50 to 54 12.9% 55 to 59 3.8% 60 to 64 0.2% 65 and over Average age of 44.2
		Consolidated CNP Assurances Group	Average age of 42.6
	Breakdown of workforce by region		
	LA1	CNP Assurances	60% in Paris 12.6% in Arcueil 15.7% in Angers 11.2% in the rest of France 0.5% seconded to foreign subsidiaries
		Consolidated CNP Assurances Group	67.6% in France 16.4% in Brazil 7.1% in Cyprus 1% in Greece 3% in Spain 3.2% in Italy 0.2% in Ireland 1.5% in Argentina
2	**Recruitment of fixed-term and permanent employees**		
	LA2	CNP Assurances	210 new hires, 104 permanent and 106 fixed term
		Consolidated CNP Assurances Group	390 new hires, of which 25 fixed term

	2011 data
	CNP Assurances had 3,077 employees at end-2011, including 208 civil servants seconded to the Company. 56.6% employees were management grade and 98.1% were employed on permanent contracts.
	Total workforce was 4,617, an increase of 1.8% from the previous year. 98.2% on permanent contracts.
	61% women
	59% women
	0% under 20 0.5% 20 to 24 5.4% 25 to 29 11.7% 30 to 34 18.4% 35 to 39 18.4% 40 to 44 14% 45 to 49 13.8% 50 to 54 13.2% 55 to 59 4.2% 60 to 64 0.3% 65 and over Average age of permanent employees was 44.5. Stability resulted from an even balance between staff hiring and departures as well as the average age of employees hired on permanent contracts in 2011 (34 years old).
	0% under 20 1.6% 20 to 24 8.3% 25 to 29 14% 30 to 34 18.7% 35 to 39 18.4% 40 to 44 13.2% 45 to 49 11.7% 50 to 54 10.2% 55 to 59 3.1% 60 to 64 0.2% 65 and over Average age of 42.3
	59.50% in Paris 13% in Arcueil 16% in Angers 11% in the rest of France 0.5% seconded to foreign subsidiaries (15 employees concerned at end-2011)
	66.6% in France 16.8% in Brazil 6.9% in Cyprus 0.9% in Greece 3.3% in Spain 3.4% in Italy (including BVP office) 0.2% in Ireland 0.4% in Portugal (BVP office) 1.5% in Argentina
	223 new hires: 145 on permanent contracts and 78 on fixed-term contracts
	417 new hires, of which 109 on fixed-term contracts

	Indicators and corresponding GRI	Scope	2010 data
3	**Recruitment difficulties**		
		CNP Assurances	
		Consolidated CNP Assurances Group	
4	**Departures including dismissals and reasons for departures**		
	LA2	CNP Assurances	214 departures: 6 dismissals, 9 terminations by mutual agreement, 33 resignations and 41 retirements. Turnover was 3.1%.
		Consolidated CNP Assurances Group	54 dismissals, 9 terminations by mutual agreement, 87 resignations and 47 retirements. Turnover was 4.36%.
5	**Outside contractors**		
		CNP Assurances	IT intercompany entity had 342 employees 5 receptionists 37 security agents 81 cleaners and 16 maintenance staff
		Consolidated CNP Assurances Group	448 outside contractors were employed in foreign subsidiaries
6	**Information regarding headcount adjustment, redeployment and support measures**		
	LA12	CNP Assurances	56% of available permanent positions were filled internally. 89% of employees had a career assessment interview. 152 employees were promoted, 808 received career support.
		Consolidated CNP Assurances Group	No plans to adjust headcount.
7	**Organisation and length of working hours**		
		CNP Assurances	19.30% opted for part time; 68.6% working flex-time.
		Consolidated CNP Assurances Group	13% of employees working part time
8	**Overtime**		
		CNP Assurances	2,294 hours in 2010
		Consolidated CNP Assurances Group	33,322 overtime hours
9	**Absenteeism and reasons for absenteeism**		
	LA7	CNP Assurances	Absenteeism 5.80%, or 4.7% excluding maternity leave
		Consolidated CNP Assurances Group	Absenteeism was 4.80%, or 3.8% excluding maternity leave

	2011 data
	The Group experienced no particular recruitment difficulties.
	The Group experienced no particular recruitment difficulties.
	232 departures, of which 8 dismissals, 9 terminations by mutual agreement, 38 resignations, 37 retirements, 85 departures at the end of fixed-term contracts, 10 trial periods not completed and 4 deaths. The turnover rate was 3.2%.
	48 dismissals, 9 terminations by mutual agreement, 113 resignations and 38 retirements. Turnover was 4.84% in 2011.
	An intercompany partnership employs 327 IT engineers. The use of outside contractors also includes: 37 security agents 8 receptionists 86 cleaners and 22 maintenance staff
	159 outside contractors are employed in foreign subsidiaries, including 48 in IT services (excluding CAIXA Seguros).
	There are no plans to adjust headcount. Forecasts suggest a stable staff count or possibly a small decrease as a result of natural wastage. Long-term career support remains a priority. In 2011, 58.9% of available permanent positions were filled internally. 89% of employees had a career assessment interview. 156 employees were promoted. 766 employees received career support.
	No Group subsidiaries are preparing restructuring plans.
	In France, full time corresponds to 1,575 hours per year. 20.1% of employees had elected to work part time (up 1% for the second year running); 68.2% of employees enjoy flexible working hours. Total hours worked by part-time personnel averaged 1,234.
	The number of hours worked annually varied from 1,575 to 1,980 depending on subsidiaries' host countries and local legislation. 13% of employees have chosen to work part time; none were forced to do so.
	Overtime was rare, totalling 1,953 hours in 2011, i.e., 0.04% of normal working hours, down sharply relative to 2010. Employees are accorded considerable autonomy to organise their work schedules in accordance with their professional obligations.
	27,960 paid overtime hours, representing 0.18% of paid working hours.
	In 2011, the absenteeism rate was 6.40%, or 5.10% excluding maternity leave.
	Excluding CAIXA Seguros, Europe Life and BVP offices in Portugal and Italy, the absenteeism rate was 5.85%, or 4.7% excluding maternity leave.

3

	Indicators and corresponding GRI	Scope	2010 data
10	**Remuneration, changes in remuneration and equal opportunity**		
	Remuneration and changes therein		
		CNP Assurances	Average gross salary was €52,138. Pay increase of 1.2% for employees in categories 1 to 7.
		Consolidated CNP Assurances Group	
	Gender equality		
	LA13	CNP Assurances	Women made up 50.5% of management-grade employees, i.e., 864 employees. 25% of senior executives were women, i.e., 24 employees.
		Consolidated CNP Assurances Group	The proportion of female management-grade staff was 43.9%
11	**Employers' social security contributions**		
		CNP Assurances	€86,238,844 (excluding intercompany partnerships).
12	**Application of the provisions of Section IV, Book IV of the French Labour Code (incentive and profit-sharing plans and employee savings plans)**		
		CNP Assurances	The share of the payroll dedicated to discretionary (incentive) profit-sharing amounted to €5,883,554. Gross statutory profit-sharing was €12,703,095. Payments to civil servants on secondment came to €650,586.
13	**Employee relations and collective bargaining agreements**		
	Employee dialogue, especially procedures for informing and consulting with personnel as well as negotiations		
	LA4 HR5	CNP Assurances	
		Consolidated CNP Assurances Group	
	Collective bargaining agreements		
		CNP Assurances	In 2010, several agreements were signed. These included an agreement on trade unions' resources; agreements relating to the terms of office of employee representatives; a memorandum of understanding prior to the elections of employee representatives and the Works Council; and an agreement on 2010/2011/2012 discretionary profit-sharing. A further agreement was signed in December concerning the employment of disabled people.
		Consolidated CNP Assurances Group	The European Works Council met twice. 27 labour-management meetings took place at subsidiaries in 2010.

2011 data
Average gross annual salary increased to €53,305 in 2011, up 2.2% on 2010. Salaries were increased by 1% across-the-board for employees in categories 1 to 7.
Average increase was 2.48% with differences between countries due to inflation (up 27% in Argentina) and the economic crisis (unchanged in Cyprus and Greece).
Women made up 50.6% of management-grade employees (882), up marginally relative to 2010. The proportion of female senior executives rose 26.5% to 26 employees. In accordance with the Diversity Label and applicable regulations, CNP Assurances constantly strives to reduce remuneration and promotion-related discrepancies between men and women. On 18 November 2011, all trade unions signed a second agreement on gender equality in the workplace that set forth targets in terms of gender diversity, promotions, training and work-life balance.
The proportion of female management-grade staff stood at 44.9%. 24.3% of senior executives were women, i.e., 41 employees.
Employer contributions in 2011: €71,443,966 (excluding intercompany partnerships).
In 2011, the share of the payroll dedicated to discretionary (incentive) profit-sharing amounted to €8,085,028. The gross amount of statutory profit-sharing payments made was € 11,487,071. Payments amounting to €491,377 were made to civil servants seconded to the Company.
The number of consultation meetings held by CNP Assurances is 50% higher than the legal minimum. Our current labour agreements cover all major employment issues, including measures to foster a healthy work-life balance through variable workweek arrangements and to ensure good physical and mental health with an in-house mediation system. A large number of agreements are negotiated and signed with employee representatives each year. In 2011, the occupational health, safety and working conditions committee (CHSCT) met monthly (although it is only obliged to meet once per quarter). Similarly, the Works Council held several extraordinary meetings. CNP Assurances complies with applicable regulations in terms of information and consultation procedures/rules for its three representative bodies, namely the Works Council, staff representatives and the CHSCT. CNP Assurances' commitment goes beyond mere compliance with rules in respect of the running of these representative bodies and the resources assigned to them, e.g., disclosures of information (documentation and content). Barring exceptional circumstances, the Works Council's internal rules and the CHSCT's rules of procedure define how these bodies operate within the Company.
Labour relations are a priority for the Group. All international subsidiaries with more than ten employees have at least one employee representative. All employees are covered by the collective bargaining agreement for the insurance industry (excluding Ireland and management-grade employees in Argentina). Procedures are set forth in the collective agreements. A European Works Council was created in 2010 and meets annually or more frequently if required. It brings together employee representatives from France, Italy, Spain, Portugal, Greece, Cyprus and Ireland to discuss cross-border issues and projects.
In 2011, talks with union representatives discussed psychosocial risks, discretionary profit-sharing, the profit-sharing bonus, gender equality in the workplace and older staff, as well as holding the required annual negotiations. Agreements were signed on gender equality in the workplace, discretionary profit-sharing and employment in the policyholder services department.
The European Works Council met once in 2011. 23 labour-management meetings took place in international subsidiaries. There were wage negotiations in Brazil, Cyprus and Greece and talks on telecommuting in Italy.

	Indicators and corresponding GRI	Scope	2010 data
14	**Health and safety**		
	Workplace health and safety		
	LA8	CNP Assurances	CNP Assurances is continually attentive to the health and working conditions of its employees, through the actions of the workplace health unit. Besides required medical visits, CNP Assurances has for several years operated a preventive consultation service in the areas of cardiology and gynaecology (62% of the workforce are women), which is available to all employees.
		Consolidated CNP Assurances Group	
	Workplace health and safety agreements signed with labour organisations or staff representatives		
	LA6	CNP Assurances	
		Consolidated CNP Assurances Group	
	Occupational accidents, including frequency and seriousness thereof, as well as work-related illnesses		
		CNP Assurances	28 occupational accidents (11 leading to sick leave)
		Consolidated CNP Assurances Group	30 occupational accidents
15	**Training**		
	Training policies		
		CNP Assurances	Training represented 5.2% of total payroll.
		Consolidated CNP Assurances Group	In 2010, training represented 4.2% of payroll on average.
	Total number of training hours		
	LA10	CNP Assurances	74.50% of the workforce benefited from training, equating to 8,386 days. The average number of days per trainee was 3.7.
		Consolidated CNP Assurances Group	15,409 days of training; 76% of the workforce received training.

	2011 data
	CNP Assurances is concerned about the health and safety of its employees. In addition to supplementary health insurance, employees benefit from a group policy covering death/disability and long-term care. Dedicated health professionals are available at the three main sites. These include three occupational physicians, five specialists (gynaecologist, psychiatrist, cardiologist, etc.) and eight permanent nurses. A social worker is also available. Health improvement programmes are organised on a regular basis and include measures such as flu vaccines, anti-smoking initiatives, risks of musculoskeletal injury awareness campaigns, fire hazard e-learning, etc. The in-house mediation service was consulted 67 times. Most consultations involved requests for advice and support. In 2011, the in-house mediation service played an active role in mitigating psychosocial risks. This reveals the confidence that has been placed in the system, which also protects the Company from legal risks that could have arisen had there been no in-house mediation system. Tailor-made training, seminars on stress prevention and coaching initiatives were held with the specific goal of mitigating psychosocial risks. A change-management unit was set up within the corporate secretary's office to offer support during major projects. A dashboard, which provides relevant indicators in the Company, gives a breakdown by organisational structure, is monitored each year and is disclosed to the CHSCT. Depending on the findings, specific action is taken. In addition, an advisory service not connected with the Company is available to all Company employees *(Fil Assistance – numéro vert)*.
	All CEOs of foreign subsidiaries follow stress management training. In Brazil, there is "Bem Vida", a comprehensive wellness and stress management programme, and an employee care programme offering legal advice and a counselling service. BVP benefits from the "EmBARCate!" programme, which was set up by Barclays. This professional development programme was established to improve workplace conditions, help reconcile home and work, encourage equal opportunities and diversity in the workplace, as well as looking into pay-related issues. The code of ethics at CNP Argentina stipulates the implementation of programmes for the prevention of accidents and workplace-related illnesses. For several years, MIH has supported "health and safety week", run by the employment ministry.
	The CHSCT covers all employees working for CNP Assurances in addition to outside contractors working on its premises. It meets at least once per month, which is more than is required by law. It carries out inspections inside the Company. Joint enquiries in conjunction with the employer are carried out in the event of an accident. Every year, a blueprint for risk prevention and improving working conditions is drawn up. The *Document Unique* (a risk evaluation document obligatory for French companies) is updated annually with support from Veritas. One member of the CHSCT has been delegated as the referral person for psychosocial risks and liaises with the in-house mediation service at least once per quarter. A member of the CHSCT is responsible for the prevention scheme concerning outside contractors, in addition to normal duties.
	Collective agreements were signed on key issues.
	31 occupational accidents were recorded (20 leading to sick leave). Employees can take advantage of preventive consultations and sessions raising awareness of the risks of musculoskeletal injury. The Company's training blueprint also includes specific advice on driving for travelling salespersons. The accident frequency rate, as measured by the CNAM for 2009, was 0.46%; the accident severity rate was 0.06%.
	33 occupational accidents were recorded Group wide in 2011. Preventive measures are detailed in the health and safety section.
	The training budget represented 5.06% of payroll in 2011. Training is centred on insurance practices. Instruction is also provided in computing/office applications, sales and marketing, personal development and management techniques.
	Group wide, training in 2011 represented just over 4% of payroll, consisting mostly of technical and vocational qualifications along with behavioural training and languages.
	In 2011, 85% of employees received training, of which 49 were studying for a qualification. The average number of days per trainee was 3.10, representing 8,446 day of training overall.
	19,150 days of training were dispensed in 2011; 82% of the workforce received training of some kind.

Indicators and corresponding GRI	Scope	2010 data
16 Employment and integration of disabled people		
LA13	CNP Assurances	The percentage of disabled employees stood at 5.38%, up from 4.62% in 2009. CNP Assurances employs 99 people with disabilities, under both permanent and fixed-term contracts. A certain number of workers were hired within the scope of EA and ESAT schemes. These workers accounted for 40 "credit units". In 2009, an accessibility audit carried out at the Paris and Arcueil premises enabled the Group to identify access problems and implement a corrective action plan.
	Consolidated CNP Assurances Group	112 employees have a disability.
17 Social and cultural activities		
	CNP Assurances	The Works Council budget represented 1.75% of the total payroll. In 2010, this budget was allocated as follows: children: 35%, holiday vouchers: 31%, travel: 17%, other (sport, cultural activities, social activities): 17%.
	Consolidated CNP Assurances Group	
18 Promotion and compliance with International Labour Organization (ILO) standards		
	Consolidated CNP Assurances Group	
Respect for freedom of association and the right to collective bargaining		
Anti-discrimination policy and fight against discrimination in the workplace		
	CNP Assurances	25 senior fixed-term contracts, 62 work-study contracts
	Consolidated CNP Assurances Group	
Elimination of forced or compulsory labour effective abolition of child labour		
HR6 HR7	CNP Assurances Consolidated CNP Assurances Group	

	2011 data
	A collective agreement regarding the employment of disabled people has been in place since 1995. The percentage of disabled employees rose to 5.61% in 2011. CNP Assurances employees 107 people with a physical handicap, of which 98 under permanent contracts. A certain number of workers were hired within the scope of French companies adapted to accommodate or offering work support services for disabled workers (EA and ESAT schemes). These workers account for 40 "credit units" (*unités bénéficiaires*). In January 2009, CNP Assurances was one of the first companies in France to be awarded the Diversity Label. In the autumn of 2011, Auditors from the French Standards Association (AFNOR) assessed our request for the Diversity Label to be renewed.
	The consolidated CNP Assurances Group employs 111 people with disabilities.
	The Works Council budget represents 1.75% of the total payroll. In 2011, this budget was allocated as follows: children: 28.75%, holiday vouchers: 23.45%, travel: 25.48%, other (sport, cultural activities, social activities): 22.31%.
	Group subsidiaries implemented subsidies, in particular for employee meals and transport. The budget averaged 1.61% of total payroll (excluding CAIXA Seguros).
	In keeping with its adherence to the Global Compact since 2003, CNP Assurances ensures that laws and regulations are complied with in each country where it operates. After CNP Argentina and CAIXA Seguros, CNP UniCredit Vita also signed the Global Compact in 2010. All subsidiaries abide by its guiding principles, namely human rights, freedom of association and the right to collective bargaining, long-term career support, and the promotion of equal opportunities. Subsidiaries report their results in these four fundamental areas to CNP Assurances annually. Numerous procedures guarantee the respect of civil and political rights in force at CNP Assurances, in particular the internal code of conduct, the designation of a liaison officer at the National Commission for Data Protection (*Commission nationale de l'informatique et des libertés* – CNIL) and an agreement on the right of unionisation.
	A staff representative is appointed in each subsidiary that has more than 10 employees.
	In January 2009, CNP Assurances was one of the first companies in France to be awarded the Diversity Label. The Diversity Label acknowledges progress by CNP Assurances in combating discrimination and promoting diversity. Work is continuing in different areas, namely awareness-raising, training, support and implementation of initiatives. A dashboard is used to monitor diversity targets, which are established annually. Additionally, at the end of 2011, the Company had 60 young people on work-study contracts, and 31 employees had been hired on senior fixed-term contracts in accordance with legal provisions in force.
	Fighting discrimination is a Group-wide concern and features in CAIXA Seguros' code of conduct and CNP Argentina's code of business ethics. Internal rules at MIH cover discrimination, private life, freedom of religion and respect for each employee. The company promotes diversity and gender equality (no incidents of discrimination reported).
	CNP Assurances and Group subsidiaries are not directly concerned by forced or child labour. CNP Assurances, CAIXA Seguros Group, CNP Argentina and CNP UniCredit Vita have pledged their support by signing the Global Compact to promote the fundamental principles of the ILO. This commitment is reflected in subcontracting practices (see civic indicator section) as well as the inclusion of CSR criteria in the investment strategy (80% at the start of 2012). Compliance with ILO standards is part of the process in selecting equity and corporate-bond investments, *as* well as in managing property assets.

Environmental indicators

	Indicators and corresponding GRI	Scope	2010 data
1	**Consumption of resources**		
	Water consumption and supply in accordance with local constraints		
	EN8	CNP Assurances	39,307 cubic metres
		Consolidated CNP Assurances Group	99,538 cubic metres (excluding CNP UniCredit Vita and CNP Europe Life)
	Raw material consumption and measures to encourage efficiency		
	EN1 EN2	CNP Assurances	A total of 141.9 million sheets were purchased for CNP Assurances in 2010 for internal operations, policyholder communications and contractual documents. In 2010, recycled paper represented over 40% of paper purchased for internal operations, double the 2009 figure.
	EN2	Consolidated CNP Assurances Group	Paper consumption for internal operations and contractual documents amounted to 155.41 million sheets.
	Energy consumption		
	EN3	CNP Assurances	Power consumption: 18.8 million KWh. 5.15 million KWh of steam were used to heat the Paris site. Gas used for heating Angers site totalled 1.6 million KWh LHV. 71,000 litres of fuel oil were used.
		Consolidated CNP Assurances Group	21.9 million kWh. (excluding CNP UniCredit Vita and CNP Europe Life)
	Measures to improve energy efficiency and encourage use of renewable sources		
	EN7	CNP Assurances	In 2010, fluorescent tube lighting was replaced with LED lighting, fan coil units were regulated, closed-circuit air conditioning was put in place, and new software was installed for managing lighting of offices and common areas.
		Consolidated CNP Assurances Group	
	Land use		
		CNP Assurances	
		Consolidated CNP Assurances Group	

	2011 data
	In 2011, water consumption amounted to 45,797 cubic metres. Increased usage was due to the extended scope of reporting.
	In 2011, water consumption was 115,818 cubic metres, rising particularly in France and Brazil.
	The Group's activity is entirely devoted to personal insurance. As with other financial services groups, paper is the main raw material consumed. Many initiatives have been launched to reduce the volume of paper consumed. Between 2007 and 2009, CNP Assurances linked 20% of its discretionary profit-sharing bonus to sustainable development targets, including reduced paper consumption and use of recycled paper. This initiative was limited in time to maximise results and led to an 8% reduction in paper consumption for internal purposes. However, the greatest reduction was due to the move to double-sided printing of customer correspondence while respecting regulatory obligations to keep policyholders informed, which led to a year-on-year decrease of 42% in 2009 and 26% in 2010. A total of 167.6 million sheets were purchased for CNP Assurances for internal operations, corporate brochures, policyholder communications and contractual documents. In 2011, product launches and updates, along with regulation-driven changes, required the publication of new printed materials and notices, representing some 19% of paper consumption. For internal purposes, paper purchasing was stable relative to 2010 with a slight decrease; 98.8% of paper was certified environmentally sustainable (FSC, PEFC and European Eco label). Use of recycled paper represented over 25% of paper bought for internal purposes.
	Group wide, paper consumption for internal purposes, contractual documents, claims management, customer communication and corporate brochures (France) totalled 184 million sheets. Most of the increase was in France. 87% of paper was certified environmentally sustainable. Awareness was raised among employees of CNP Assurances Group about the need to reduce paper consumption.
	The only energy used by CNP Assurances relates to staff activity and computer servers, e.g., heating, air conditioning and office equipment. The main energy used is electricity, consumption of which fell to 17.5 million KWh thanks to more efficient refrigeration output at the Paris site and favourable weather conditions in 2011. 4.08 million KWh of steam was used to heat the Paris site. Gas used for heating the Angers and Arcueil sites totalled 1.7 million KWh LHV. 65,180 litres of fuel oil were used to power generators.
	Power consumption in 2011 was 19.6 million kWh *(excluding Cyprus and Greece).*
	In 2007, CNP Assurances introduced measures to optimise building management by carrying out energy audits. In 2011, a series of measures were taken in Paris: replacement of three refrigeration units by more energy-efficient models using R134, a more environmentally friendly fluid; replacement of six units at the Beaucouzé data centre; and replacement of open cooling towers fitted to iced-water production systems with closed cooling towers, significantly reducing the risk of legionella. The car park was also fitted with LED tube lights, cutting energy consumption threefold.
	No new, significant measures in 2011. None of the buildings occupied by Group entities were equipped with systems for generating renewable energy.
	Not relevant in view of the Group's activities as a service provider. However, on the woodland that it owns, CNP Assurances operates a policy of forestry management for soil protection against erosion, filtration and water purification.
	Not relevant in view of the Group's activities as a service provider.

3

	Indicators and corresponding GRI	Scope	2010 data
2	**Pollution and waste management**		
	Preventive measures to reduce and offset damage from air, water and soil emissions harmful to the environment		
	Waste prevention, recycling and elimination measures		
	EN22	CNP Assurances	The 2009 carbon footprint assessment estimated 465 tonnes of waste, 45% of which was recycled. A waste sorting system is in place for 89% of employees. 188 tonnes of paper and cardboard were recycled in 2010, 62% of obsolete computer hardware and printers were given or sold to employees; 3,900 kg of computer hardware was disassembled.
		Consolidated CNP Assurances Group	A waste-sorting system is in place for 84% of employees; 212 tonnes of paper and cardboard were recycled as well as 4,670 toner cartridges.
	Recognition of noise and other pollution resulting from operations		
		CNP Assurances	
		Consolidated CNP Assurances Group	
3	**Measures taken to limit harm to the ecological balance, natural habitats or plants and animals**		
	EN11 EN12	CNP Assurances	In 2010, measures were taken to restore a peat bog in the Morvan and preserve the endangered marbled newt.
		Consolidated CNP Assurances Group	
4	**Measures taken to ensure compliance with legal requirements**		
		CNP Assurances	
5	**Steps taken to obtain environmental assessments or certification**		
		CNP Assurances	
		Consolidated CNP Assurances Group	
6	**Expenditure incurred to prevent any harmful environmental impact caused by the Group's business activities**		
		CNP Assurances	
		Consolidated CNP Assurances Group	

2011 data
In light of its business activity, the Group did not produce many greenhouse gases other than CO_2 and did not cause any ground or water pollution.
In 2011, the Company's recycling facilities were supplemented by a specific branch dedicated to recycling office furniture. Arrangements for collecting and recycling writing instruments were also put into place. A waste sorting system is in place for 92% of employees. In 2011, 152 tonnes of paper and cardboard were recycled. Toner cartridges were also collected (1,897 in 2011) and recycled if possible, as were batteries (756 kg). 58% of obsolete computer hardware and printers were given or sold to employees. In 2011, 2,395 kg of computer equipment was disassembled by a specialist company. A new cleaning service was negotiated for the Paris-area offices stipulating that only environmentally friendly products can be used.
A waste-sorting system is in place for 90% of employees; 171 tonnes of paper and cardboard were recycled as well as 2,050 toner cartridges. Specific training on recycling was provided in Italian and Brazilian subsidiaries in 2011.
No direct impact in view of the Group's business activity. Office lights turn off automatically.
CNP Assurances is France's largest private owner of woodland with a total of 54,462 hectares, of which 1,540 hectares were acquired in 2011. Forestry assets are subject to management plans that respect biodiversity and anticipate climate change. In 2011, an agreement was entered into with CDC Biodiversité for the restoration and management of 117 hectares in order to protect biodiversity and, specifically, safeguard the False Ringlet butterfly and areas supportive to migration of species such as the European mink and otters.
Reforestation work by CAIXA Seguros is fostering biodiversity, improving water resources and protecting the soil. This makes it possible to build up carbon reserves in areas previously assigned to raising dairy cattle (largely to blame for earlier deforestation).
Environmental laws and regulations only have an impact on CNP Assurances in matters concerning building management. Building managers keep a watch on regulatory developments and an external control and a monitoring system are also used. As in previous years, an external control consultancy conducted its annual audit on regulatory compliance as well as providing a system for monitoring potentially threatening installations.
Forest areas owned by CNP Assurances are PEFC certified.
In view of the nature of their business activities, Group entities have not taken steps toward obtaining environmental certifications. The NGO Iniciativa Verde certified CAIXA Seguros group, which offsets its greenhouse gas emissions, as "carbon free".
Not relevant as regards direct impacts in view of the Group's activities as a service provider.

	Indicators and corresponding GRI	Scope	2010 data
7	**Existence of internal departments for environmental management, resources allocated to mitigation of environmental risks, and a structure to deal with pollution incidents with consequences beyond the Group's own establishments**		
	Resources allocated to mitigation of environmental risks, and structure to deal with pollution incidents with consequences beyond the Group's own establishments		
		CNP Assurances	
		Consolidated CNP Assurances Group	
	Company organisation for dealing with environmental issues		
		CNP Assurances	
		Consolidated CNP Assurances Group	
8	**Employee training and information programmes**		
		CNP Assurances	The section of the intranet dedicated to sustainable development was accessed over 4,500 times in 2010. Between 2007 and 2009, one fifth of the discretionary profit-sharing bonus was awarded on the condition of implementing sustainable development initiatives. During the 2010 Bilan Carbone® footprint assessment, training on climate change was provided to employees which included presentations and related exhibitions on the main French sites and an awareness-raising film viewable on the intranet.
		Consolidated CNP Assurances Group	
9	**Provisions and guarantees set aside for environmental risks**		
	EN28	CNP Assurances	
		Consolidated CNP Assurances Group	

2011 data
Not relevant as regards direct impacts in view of the Group's activities as a service provider.
CNP Assurances has a Sustainable Development department which oversees environmental issues in particular. Its manager reports directly to the CEO, who is the corporate officer in charge of sustainable development within the Executive Committee and Board of Directors. CNP Assurances is a signatory to the Kyoto Statement of The Geneva Association. To ensure that environmental targets are met, the purchasing and property and logistics departments are fully involved.
CNP UniCredit Vita has set up a "green group" to discuss environmental issues. It has five members and any member of staff is able to join. In 2011, it organised training on the sorting and recycling of waste and the sustainability analysis of the new corporate headquarters. CAIXA Seguros set up its Sustainable Development Committee in November 2007. Its honorary chairperson is the chair of the Group's Executive Committee. The committee comprises 11 people representing the Company's various divisions.
In 2011, many events were held to raise awareness among employees such as during the annual convention on the international year of forests and CNP Assurances' forestry assets, information on the partnership with the NGO Iniciativa Verde and initiatives in support of reforestation in Brazil's Atlantic forest. Other initiatives like the sustainable development week, the week promoting mobility and socially responsible investment also encouraged substantial staff dialogue. "My planet" stickers were placed on office doors as a reminder that everyone has to play their part in cutting greenhouse gas emissions.
Group subsidiaries also organised awareness-raising initiatives for employees. Since 2009, CAIXA Seguros has run online training to promote social and environmental responsibility. In 2011, CAIXA Seguros and CNP UniCredit Vita worked to raise awareness on the importance of sorting waste.
Not relevant as regards direct impacts in view of the Group's activities as a service provider.

	Indicators and corresponding GRI	Scope	2010 data
10	**Amounts of compensation paid following legal decisions relating to the environment and corrective actions**		
		CNP Assurances	The Group has not been subject to any court rulings, nor incurred non-pecuniary penalties on environmental matters.
		Consolidated CNP Assurances Group	
11	**Environmental targets set for subsidiaries**		
12	**Climate change**		
	Greenhouse gas emissions		
	EN16 EN19 EN20	CNP Assurances	The 2009 carbon footprint assessment represented 22,000 tonnes of CO_2 equivalent. The scope included the main French sites (89% of employees, offices and cafeterias) and direct and indirect business activities (energy, equipment and incoming services, freight, non-current assets, waste, home-workplace commutes, business travel and visitors). In addition to carbon monoxide and carbon dioxide, refrigerant gas leaks from air conditioning systems represented 590 tonnes of CO_2 equivalent, including 30% of R22.
		Consolidated CNP Assurances Group	Foreign subsidiaries introduced various measures to reduce the impact of their business activities on the environment.
	Adapting to the consequences of climate change		
		CNP Assurances	Growth in forestry assets led to the storage of 387,500 tonnes of CO_2. The net result for 2010 was 79,500 tonnes of CO_2.
		Consolidated CNP Assurances Group	

2011 data
The Group has not been subject to any court rulings, nor incurred non-pecuniary penalties on environmental matters.
The subsidiaries share CNP Assurances' objectives to reduce overall consumption, especially with respect to the three main sources of direct emissions: paper use for day-to-day operations and relations with policyholders, business travel and the management of property used for business operations. The subsidiaries report to the Group on their environmental situation on an annual basis. In 2010, CNP UniCredit Vita pledged support to the UN Global Compact. With CNP Argentina and CAIXA Seguros, this increases the proportion of employees in foreign subsidiaries adhering to the UN Global Compact to 88%.
Since CNP Assurances is a service provider, greenhouse gas emissions relate solely to staff activity and computer servers, e.g., heating, air conditioning, office usage, servers, office equipment, travel and supplies. CNP Assurances has been participating in the Carbon Disclosure Project since 2005. Conducting a Bilan Carbone® analysis in 2010 made it possible to integrate environmental policy into day-to-day operations. This was also followed by specific action plans. In 2011, work focused on the reliability of data gathered both internally and externally, using the widest possible scope. Based on the data, the Board of Directors reiterated its goal to reduce greenhouse gas emissions by 6% for in-house operations between 2010 and 2012. Concerning the factors monitored by CNP Assurances since 2007 (paper, energy and business travel), changes in tonnes of CO_2 equivalent emissions between 2010 and 2011 were measured using the identical methodology and scope resulting in an increase of 3% for paper (see point 1) and 18% for business travel, and a 26% reduction for energy (see point 1).
The carbon footprint of CAIXA Seguros, measured in terms of business travel and buildings, totalled 2.32 tonnes of CO_2 equivalent per employee, down by more than 10%. Emissions were offset by the reforestation in the Atlantic forest in conjunction with the NGO Iniciativa Verde. Altogether, 83% of employees at CAIXA Seguros group were covered by carbon footprint assessments. Additionally, use of videoconferencing increased by 30% in foreign subsidiaries.
Growth in CNP Assurances' forestry assets led to the storage of 399,507 tonnes of CO_2, leading to a net figure of 172,219 tonnes of CO_2 in 2011. Since mid-2009, all planned property purchases comprise an analysis of energy efficiency (green rating from Veritas) so that the full financial cost of required modernisation work can be quantified. Environmental awareness has been part of the equity investment strategy since 2006. Furthermore, managers of CNP Assurances' forestry assets have thought about ways in which exposed ground can be shielded against projected climate changes over the coming decades.
Because some of its business involves home and auto insurance, the Brazilian subsidiary is drafting reports on the impact of climate change, both internally and in conjunction with government bodies, NGOs and other private companies.

3

Societal indicators

	Indicators and corresponding GRI	Scope	2010 data
1	**Relations with the community, including associations to combat social exclusion, educational institutions, environmental and consumer associations, and local residents**		
	Conditions of dialogue with the above people and organisations		
		CNP Assurances	
		Consolidated CNP Assurances Group	
	Partnership and sponsorship initiatives		
	SO9	CNP Assurances	62 on apprenticeship or work-study contracts and 94 interns
		Consolidated CNP Assurances Group	
2	**Contribution to regional development and employment**		
	Employment and regional development		
	SO1	CNP Assurances	
		Consolidated CNP Assurances Group	
	Residential and local populations		
		CNP Assurances	
		Consolidated CNP Assurances Group	

	2011 data
	Corporate sponsorship operations are carried out in partnership with associations. In France, the most common practice is that associations or employees approach the corporate sponsorship department, which then supports and monitors the projects that it approves.
	Within the CAIXA Seguros group, employees are actively involved in corporate sponsorship schemes. The Volunteer Network supports the involvement of all employees in projects as well as promoting the Group's CSR initiatives. MIH sponsors specific associative events as well as providing organisational support. CNP Vida sponsors a charitable association.
	Policyholders, training/research: CNP Assurances has close ties with French insurance school ENASS. It finances training centres such as IFPASS and ADAPT, and provides financial assistance to educational institutions through the apprenticeship tax. CNP Assurances also sponsors a chair set up by the Paris-Dauphine University on the risks and opportunities of demographic transition and a chair at the ESSEC business school on change management. Reinsertion: CNP Assurances is one of the founding members of the Entrepreneurs de la Cité foundation, helping to provide insurance cover to the beneficiary entrepreneurs. The Group is also involved in the Cités Partenaires II investment fund, Business Angels, dedicated to helping entrepreneurs from underprivileged areas. CNP Assurances has a long history of introducing young people to the working world. It currently has 60 apprenticeship and work-study contracts and 82 interns. Health insurance: Since 1999, the CNP Assurances Foundation has been committed to combating chronic pain and developing care. The changeover to a corporate foundation in 2011 will strengthen its commitment to healthcare, with initiatives such as "Heart attacks and first aid" and "Improved pain management", and the active support of employee projects. Since 2009, the Foundation has financed the installation of 2,215 cardiac defibrillators and the relevant training in 1,372 towns and local communities.
	In Brazil, the subsidiary implemented several schemes in conjunction with associations: the "Jovem de expressao" programme (see point 2), reforestation (with the NGO Iniciativa Verde), waste management (with Amis du Futur) and HIV prevention (UNESCO). MIH focuses its support on safety, with the involvement of the police and fire brigade in Cyprus. CNP Vida continues to provide support to the socially vulnerable.
	CNP Assurances has been an active employer in the regions where it has been operating for close to a century: 88% of CNP Assurances employees work at one of the Paris, Arcueil or Angers sites. Expatriate workers represent 1% of headcount at foreign subsidiaries. CNP Assurances supports regional development through financial contributions to national initiatives (more than half of investments concern France) and through industry analysis via the ORSE and the FFSA.
	Similarly, foreign subsidiaries contribute to regional employment, this is also true for executive recruitment. 73% of members of executive or management committees are hired locally.
	CNP Assurances has no direct impact on the town and cities where it is located. By making its products widely accessible, from both a medical and economic standpoint, CNP Assurances is fighting actively against financial exclusion. Assistance and prevention services offered by Filassistance meet the needs of the aging population.
	CAIXA Seguros group actively supports local populations. The "Jovem de expressao" initiative seeks to reduce violence by improving access to jobs among young people in the region where the Group is located, in partnership with local cultural centres. This scheme was granted social-technology status. Moreover, since 2010, it has been managed in conjunction with the UN Office on Drugs and Crime (UNODC).

	Indicators and corresponding GRI	Scope	2010 data
3	**Outsourcing and steps to ensure that subcontractors comply with International Labour Organization (ILO) standards**		
	CSR criteria in sourcing policies		
	HR2	CNP Assurances	
		Consolidated CNP Assurances Group	
	Outsourcing and the importance of including CSR in dealings with suppliers and their own subcontractors		
		CNP Assurances	
		Consolidated CNP Assurances Group	
4	**Fair practices**		
	Measures to prevent corruption		
	SO3	CNP Assurances	
		Consolidated CNP Assurances Group	

2011 data
CNP Assurances’ CSR commitment also applies to sourcing. All buyers are made aware of CSR standards and most receive training in this area. A social clause is included in all calls for tender. Suppliers must be able to pledge compliance with human rights and French employment regulations, including in the event of delegation. Those who cannot commit to this are delisted from the supplier roster. Compliance with regulations is monitored. Following an audit of 50 suppliers in 2008, a survey was conducted in 2009 and 2010 among 40% of IT subcontractors (representing 31% of purchases in 2010). In 2011, environmental, social and governance criteria were added to calls for tender concerning computer hardware, and a specific CSR clause for the provision of IT services was drawn up.
Similarly, since 2008 CAIXA Seguros in Brazil has inserted CSR clauses into contracts based on commitments relating to the UN’s Global Compact (ILO, fight against organised crime and drug trafficking, environment, fraud and money laundering). Contracts signed prior to 2008 have been amended to include the new clauses.
The use of subcontractors is restricted to printing, routing, enveloping, archiving, data entry, telephone reception services, maintenance and consulting. In 2003, CNP Assurances signed the Global Compact, systematically promoting its commitment to human rights with its subcontractors and suppliers. CNP Assurances’ dedication to CSR issues feature in the recitals to contracts. A code of ethics, including ethical guidelines on purchasing, governs buying practices.
Suppliers and subcontractors working for CAIXA Seguros group pledge to comply with regulations and act responsibly towards the environment. Non-compliance gives grounds for termination of contract or other appropriate legal measures.
The CNP Assurances’ code of conduct contains rules governing conflicts of interest and gratuities. Purchasing guidelines apply the principles set forth in the ethical purchasing guide introduced in 2006 to key areas of purchasing. Similarly, a specific code of ethics spells out standards for sales representatives of the CNP-Trésor network. In 2011, training based on the code of conduct was dispensed to managers with supervisory roles, who will train their staff in early 2012 with the help of a training video and a booklet guide. In addition to internal control systems and the rollout of ethical standards, anti-money-laundering measures are subjected to regular checks and amended to comply with the latest regulations. A specific unit is dedicated to this function, supported by 16 members of staff situated in the various entities. Anti-money-laundering procedures can be freely consulted by staff on the intranet. In December 2010, an online training module was made available to all staff members. Corruption is not a major risk in the business in which CNP Assurances operates. All payments received and paid out are traced, and cash payments are not authorised. Procedures stipulate the controls to be carried out by sales representatives or business partners when dealing with customers, particularly as concerns verifying the identity of the person paying the premium and method of payment.
The fight against corruption, money laundering and the financing of terrorism was extended to foreign subsidiaries in 2009. Subsidiaries have guidelines dealing with these matters. In 2010 ethical guidelines were implemented in CNP Argentina, a code of ethics and a code of conduct in Italy, an internal code of conduct at BVP, in line with principles in force at its two shareholders (CNP Assurances and Barclays Bank), integration by MIH of ethical guidelines into its code of conduct.

	Indicators and corresponding GRI	Scope	2010 data
	Measures in support of consumer health and safety		
	PR1	CNP Assurances	
		Consolidated CNP Assurances Group	
5	**Other initiatives to promote human rights**		
	HR1 PR6	CNP Assurances	
		Consolidated CNP Assurances Group	

	2011 data
	The insurance products sold by CNP Assurances do not have a direct effect on consumer health. The Company's subsidiary Filassistance has developed a series of preventive measures to assist individuals in everyday health and safety issues, in the form of appraisals on "preventing loss of independence" and "prevention of memory loss", as well as ergonomic support, information services and psychological support. Additionally, CNP Assurances runs prevention and occupational health initiatives with local authorities. Regarding consumer data protection, confidential information on policyholders is protected by confidentiality procedures and access restrictions. CNIL rules are also applied. Regular surveys are conducted to ensure that policyholders are satisfied. In-house compliance procedures are in place to validate contractual documents along with a specific procedure for creating new products.
	To protect consumer information, confidential data is protected in all Group entities. Customer satisfaction surveys are carried out by each subsidiary.
	CNP Assurances first signed the Global Compact in 2003 and annually restates its commitment to its principles as well as promoting it among its asset management companies and suppliers. Specifically, this commitment has led to the inclusion of environmental, social and governance criteria in investment strategy (80% of investments in early 2012). Respect for human rights is one criterion used in selecting equity and bond investments. This commitment was reinforced in 2011 through the signature of Principles for Responsible Investment (PRI). The Company also signed the advertisers' federation charter (UDA) confirming its adherence to the principle of diversity in the sphere of communications.
	CNP UniCredit Vita became a signatory of the Global Compact in 2010, following in the footsteps of CNP Argentina and CAIXA Seguros. CAIXA Seguros group carries out an annual CSR assessment in conjunction with Ethos, a research institute.

3.6 REVIEW REPORT BY ONE OF THE STATUTORY AUDITORS ON A SELECTION OF SOCIAL CORPORATE CITIZENSHIP AND ENVIRONMENTAL INDICATORS

This is a free translation into English of the review report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

As requested and in our capacity as Statutory Auditor of CNP Assurances, we have performed the review described below for the purpose of enabling us to express moderate assurance on a selection of social and environmental indicators published in the CNP Assurances 2011 Registration Document.

The following environmental indicators were selected for the purposes of the review:

- water consumption;
- electricity consumption;
- gas consumption;
- energy consumed from the Paris urban heating company (*Compagnie Parisienne de Chauffage Urbain* – CPCU);
- fuel-oil consumption;
- percentage of recycled paper used for internal operations.

The following social indicators were selected for the purposes of the review:

- total headcount;
- proportion of fixed-term employees;
- proportion of women;
- age structure;
- number of external new hires on fixed-term and permanent contracts;
- total number of departures;
- proportion of part-time employees;
- proportion of absenteeism (including and excluding maternity leave);
- number of occupational accidents;
- number of training days.

These social and environmental indicators were prepared under the responsibility of the Sustainable Development department in accordance with the "Annual non-financial data collection process" as used by CNP Assurances, available from the aforementioned department.

Our role is to form a conclusion on these indicators, based on our work.

Nature and scope of our work

We performed our work in accordance with professional standards applicable in France.

We performed the procedures described below to obtain moderate assurance about whether the selected environmental and social indicators are free of material misstatement. A higher level of assurance would have required us to carry out more extensive work.

Our work involved the following:

- we reviewed the reporting procedures used by the Group in light of their appropriateness, reliability, objectivity and clarity;
- at the Group level we performed analytical procedures and verified, on a test basis, that the social and environmental data used to produce the indicators had been correctly calculated and consolidated. This work involved, in particular, interviews with the persons from the Sustainable Development department responsible for compiling and applying the procedures and consolidating the data;
- our work was performed within the scope of CNP Assurances. This includes the following legal entities: CNP Assurances, CNP IAM, Previposte, ITV and CNP International. The scope used to measure water and energy consumption includes offices in Paris, Angers and Arcueil and excludes offices in the rest of France.

Within this scope:

- we checked that the procedures have been properly understood and correctly implemented on the basis of interviews with the persons responsible for preparing the data;

- we performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents.

The contribution of CNP Assurances to the Group's consolidated indicators represents 38% of electricity consumption and 89% of water consumption for environmental data, and 67% of the Group's total headcount for social data.

We were assisted in our work by our teams specialised in sustainable development.

Conclusion

Based on our work, no material irregularities came to light causing us to believe that the environmental and social indicators reviewed do not comply, in all material respects, with the "Annual non-financial data collection process" as used by CNP Assurances and applicable for the year 2011.

Neuilly-sur-Seine, 23 February 2012

One of the Statutory Auditors	Partner in charge of the Sustainable Development
PricewaterhouseCoopers Audit	**Department of PricewaterhouseCoopers Advisory**
Eric Dupont	Sylvain Lambert

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4.1. CONSOLIDATED FINANCIAL STATEMENTS

4.1.1. Consolidated balance sheet

ASSETS

In € millions	Notes	31.12.2011	31.12.2010
Goodwill	*7*	533.9	682.5
Value of business In-Force	*7*	118.7	127.8
Other intangible assets	*7*	270.7	368.0
Total intangible assets		**923.2**	**1,178.2**
Investment property	*8*	1,747.6	1,278.0
Held-to-maturity investments	*9*	1,028.7	1,212.8
Available-for-sale financial assets	*9*	231,708.9	230,272.2
Securities held for trading	*9*	60,404.9	64,033.1
Loans and receivables	*9*	4,429.5	3,958.6
Derivative instruments	*9*	3,583.3	3,012.8
Insurance investments		**302,902.9**	**303,767.5**
Banking and other investments		**60.9**	**65.2**
Investments in associates		**0.0**	**0.0**
Reinsurers' share of insurance and financial liabilities	**10**	**8,258.1**	**7,446.2**
Insurance or reinsurance receivables	*12*	2,896.7	3,256.1
Current tax assets		405.6	515.7
Other receivables	*12*	3,318.7	1,782.8
Property and equipment	*8*	252.4	252.7
Other non-current assets		424.2	358.1
Deferred participation asset	*10*	620.9	0.0
Deferred tax assets	*13*	244.1	198.6
Other assets		**8,162.6**	**6,364.0**
Non-current assets held for sale		**0.0**	**0.0**
Cash and cash equivalents		**702.8**	**787.5**
TOTAL ASSETS		**321,010.6**	**319,608.6**

EQUITY AND LIABILITIES

In € millions	Notes	31.12.2011	31.12.2010
Share capital	*4*	594.2	594.2
Share premium account		981.5	981.5
Revaluation reserve		860.1	1,199.6
Cash flow hedge reserve	*9*	6.3	0.0
Deeply-subordinated debt	*4*	2,141.8	2,141.8
Retained earnings		6,337.4	5,799.8
Profit for the period		871.9	1,050.0
Translation reserve		201.0	274.9
Equity attributable to owners of the parent		**11,994.1**	**12,041.7**
Non-controlling interests		1,223.1	1,136.4
Total equity		**13,217.1**	**13,178.0**
Insurance liabilities (excluding unit-linked)	*10*	104,836.6	94,231.5
Insurance liabilities (unit-linked)	*10*	27,513.5	28,946.8
Insurance liabilities		**132,350.1**	**123,178.3**
Financial liabilities – financial instruments with DPF (excluding unit-linked)	*10*	148,158.2	150,362.0
Financial liabilities – financial instruments without DPF (excluding unit-linked)	*10*	952.6	984.6
Financial liabilities – unit-linked financial instruments	*10*	7,308.0	8,463.3
Financial liabilities		**156,418.8**	**159,809.8**
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	*10*	535.7	5,165.8
Insurance and financial liabilities		**289,304.6**	**288,154.0**
Provisions	**14**	**174.4**	**188.2**
Subordinated debt	*11*	2,551.2	2,242.0
Financing liabilities		**2,551.2**	**2,242.0**
Operating liabilities represented by securities		3,105.4	3,939.4
Operating liabilities due to banks		135.4	336.1
Liabilities arising from insurance and reinsurance transactions	*15*	1,782.2	1,943.6
Current taxes payable		391.0	347.5
Current account advances		346.1	316.6
Liabilities towards holders of units in controlled mutual funds		2,091.2	2,632.9
Derivative instruments	*9*	3,179.2	2,356.2
Deferred tax liabilities	*13*	286.6	513.9
Other liabilities	*15*	4,446.2	3,460.2
Other liabilities		**15,763.2**	**15,846.4**
Liabilities related to assets held for sale		**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**321,010.6**	**319,608.6**

4.1.2. Consolidated income statement

In € millions	Notes	31.12.2011	31.12.2010
Premiums written		30,026.4	32,288.4
Change in unearned premiums reserve		(107.5)	(47.7)
Earned premiums	**16**	**29,918.9**	**32,240.7**
Revenue from other activities	**16**	**226.1**	**199.0**
Other operating revenue		**0.0**	**0.0**
Investment income		11,128.5	10,756.2
Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation		1,097.5	642.0
Change in fair value of financial assets at fair value through profit or loss		(2,575.6)	1,157.9
Impairment losses on financial instruments		(2,741.8)	(207.9)
Investment income before finance costs	**20**	**6,908.6**	**12,348.1**
Net revenue		**37,053.5**	**44,787.8**
Claims and benefits expenses	*17*	(31,061.5)	(39,207.6)
Investment and other financial expenses, excluding finance costs	*20*	(476.3)	(524.9)
Reinsurance result	*19*	1.2	(39.9)
Expenses of other businesses		0.1	(2.1)
Acquisition costs	*18*	(3,145.1)	(3,162.1)
Amortisation of value of In-Force business acquired and distribution agreements	*7*	(20.3)	(31.5)
Contract administration expenses	*18*	(204.5)	(373.2)
Other recurring operating income and expense, net	*18*	(310.2)	(18.3)
Total other recurring operating income and expense, net		**(35,216.7)**	**(43,359.5)**
Recurring operating profit		**1,836.8**	**1,428.3**
Other non-recurring operating income and expense, net		(1.2)	(2.9)
Operating profit		**1,835.7**	**1,425.3**
Finance costs	*20*	(149.9)	(95.0)
Change in fair value of intangible assets	*7*	(79.8)	(19.4)
Share of profit of associates		0.0	0.0
Income tax expense	*21*	(465.0)	(22.8)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Profit for the period		**1,141.0**	**1,288.1**
Non-controlling interests		(269.1)	(238.1)
Attributable to owners of the parent		**871.9**	**1,050.0**
Basic earnings per share		1.37	1.67
Diluted earnings per share		1.37	1.67

4.1.3. Consolidated statement of income and expense recognised directly in equity

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – 2011

In € millions	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**871.9**	**269.1**	**1,141.0**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**(407.9)**	**(76.9)**	**(484.8)**
Available-for-sale financial assets			
Change in revaluation reserve during the period	(5,840.6)	(214.2)	(6,054.8)
Reclassification of proceeds from disposals	(1,406.8)	(8.7)	(1,415.5)
Reclassification of impairment losses to profit or loss	3,079.2	6.1	3,085.3
Sub-total including deferred participation and deferred taxes	*(4,168.2)*	*(216.8)*	*(4,385.0)*
Deferred participation including deferred taxes	3,677.5	194.9	3,872.3
Deferred taxes	150.4	1.5	151.9
Sub-total net of deferred participation and deferred taxes	*(340.3)*	*(20.5)*	*(360.8)*
Cash flow hedge reserve	6.3	0.0	6.3
Change in cash flow hedge reserve during the period	29.5	0.0	29.5
Cash flow hedge reserve recycled through profit or loss during the period	(19.6)	0.0	(19.6)
Deferred taxes	(3.6)	0.0	(3.6)
Translation differences	(73.9)	(56.4)	(130.3)
Amounts not recycled through profit or loss	**(2.9)**	**0.0**	**(2.9)**
Actuarial gains and losses	(5.7)	0.0	(5.7)
Other movements	2.8	0.0	2.8
Total income and expense recognised directly in equity	**(410.8)**	**(76.9)**	**(487.7)**
NET INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**461.1**	**192.2**	**653.3**

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – 2010

In € millions	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**1,050.0**	**238.1**	**1,288.1**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**(28.2)**	**16.6**	**(11.6)**
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 through 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
Amounts not recycled through profit or loss	**(16.9)**	**(1.2)**	**(18.2)**
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**

4.1.4. Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – 2011

In € millions	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated debt	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent		
Adjusted equity at 1 Jan. 2011 – IFRS	**594.2**	**981.5**	**1,199.6**	**0.0**	**2,141.8**	**6,849.8**	**274.9**	**12,041.7**	**1,136.4**	**13,178.0**
Net income and unrealised and deferred gains and losses for the period			**(340.4)**	**6.3**		**869.0**	**(73.9)**	**461.1**	**192.2**	**653.3**
■ Dividends paid						(456.4)		(456.4)	(179.1)	(635.5)
■ Issue of shares								0.0		0.0
■ Deeply-subordinated debt, net of tax						(59.3)		(59.3)		(59.3)
■ Treasury shares, net of tax						6.8		6.8		6.8
■ Changes in scope of consolidation*			0.9			(0.9)		0.0	33.2	33.2
■ Other movements**						0.3		0.3	40.4	40.7
EQUITY AT 31 DECEMBER 2011	**594.2**	**981.5**	**860.1**	**6.3**	**2,141.8**	**7,209.3**	**201.0**	**11,994.1**	**1,223.1**	**13,217.1**

* *Other movements in non-controlling interests include shares issued by CNP UniCredit Vita and AEP 247 for amounts of €17 million and €23.4 million, respectively.*

** *Changes in scope of consolidation in non-controlling interests comprise a positive amount of €47.1 million related to the first-time consolidation of MFPrévoyance SA, and a negative amount of €13.9 million for adjustments to earnout payments relating to future periods for Barclays Vida y Pensiones (see Note 7.3.3).*

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 adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Adjusted equity at 1 Jan. 2010 – IFRS	**594.2**	**981.5**	**1,332.7**	**0.0**	**2,143.0**	**6324.0**	**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*									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 non-controlling interests include shares issued by CNP UniCredit Vita for an amount of €57 million.*

4.1.5. 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 guidelines issued by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) in Position No. 2011-13. This approach analyses both the fund prospectus and yield patterns (fund performance, volatility, etc.).

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 non-controlling shareholders of subsidiaries.

RECONCILIATION OF CASH AND CASH EQUIVALENTS REPORTED IN THE BALANCE SHEET AND IN THE STATEMENT OF CASH FLOWS

In € millions	31.12.2011	31.12.2010
Cash and cash equivalents (reported in the balance sheet)	702.8	787.5
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(83.8)	(273.2)
Securities held for trading	9,390.9	4,597.1
TOTAL (REPORTED IN CONSOLIDATED STATEMENT OF CASH FLOWS)	**10,010.0**	**5,111.3**

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	**31.12.2011**	**31.12.2010**
Operating profit before tax	**1,835.7**	**1,425.3**
Gains and losses on sales of investments, net	(1,054.9)	(588.8)
Depreciation and amortisation expense, net	110.1	101.5
Change in deferred acquisition costs	(4.1)	(37.7)
Impairment losses, net	2,717.3	224.9
Charges to technical reserves for insurance and financial liabilities	4,324.7	16,995.9
Charges to provisions, net	0.3	36.4
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	2,573.4	(1,160.0)
Other adjustments	(183.4)	(420.0)
Total adjustments	*8,483.4*	*15,152.1*
Change in operating receivables and payables	(613.5)	(861.3)
Change in securities sold and purchased under repurchase and resale agreements	(834.1)	415.0
Change in other assets and liabilities	(59.7)	(40.5)
Income taxes paid, net of reimbursements	(388.5)	(594.5)
Net cash provided by operating activities	**8,423.4**	**15,496.1**
Acquisitions of subsidiaries and joint ventures, net of cash acquired[(1)]	(469.7)	0.0
Divestments of subsidiaries and joint ventures, net of cash sold	0.0	102.3
Acquisitions of associates	0.0	0.0
Divestments of associates	0.0	0.0
Net cash (used) provided by divestments and acquisitions	*(469.7)*	*102.3*
Proceeds from the sale of financial assets	397,042.1	402,664.4
Proceeds from the sale of investment properties	191.0	64.8
Proceeds from the sale of other investments	4.4	7.4
Net cash provided by sales and redemptions of investments	*397,237.4*	*402,736.5*
Acquisitions of financial assets	(399,297.0)	(423,000.4)
Acquisitions of investment properties	(183.0)	(17.0)
Acquisitions and/or issuance of other investments	0.0	(0.9)
Net cash used by acquisitions of investments	*(399,480.0)*	*(423,018.3)*
Proceeds from the sale of property and equipment and intangible assets	0.1	0.6
Purchases of property and equipment and intangible assets	(76.8)	(105.4)
Net cash used by sales and purchases of property and equipment and intangible assets	*(76.8)*	*(104.8)*
Net cash used by investing activities	**(2,789.1)**	**(20,284.2)**
Issuance of equity instruments[2)]	40.3	48.9
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	5.2	(6.3)
Dividends paid	(635.5)	(576.9)

In € millions	**31.12.2011**	**31.12.2010**
Net cash used by transactions with owners	*(590.0)*	*(534.3)*
New borrowings(3)	1,039.6	750.1
Repayments of borrowings(4)	(761.3)	(7.5)
Interest paid on borrowings	(243.0)	(189.6)
Net cash provided by other financing activities	**35.3**	**553.0**
Net cash (used) provided by financing activities	**(554.7)**	**18.7**
Cash and cash equivalents at beginning of period	**5,111.3**	**10,304.7**
Net cash provided by operating activities	8,423.4	15,496.1
Net cash used by investing activities	(2,789.1)	(20,284.2)
Net cash (used) provided by financing activities	(554.7)	18.7
Effect of changes in exchange rates	3.6	(19.9)
Effect of changes in accounting policies and other(5)	(184.5)	(404.0)
CASH AND CASH EQUIVALENTS AT THE REPORTING DATE	**10,010.0**	**5,111.3**

(1) Acquisition of MFPrévoyance SA for an amount of €86.1 million net of cash acquired, MTP Invest for an amount of €282.2 million net of cash acquired, and first-time consolidation of OPCI AEW IMCOM 1 for €101.4 million net of cash acquired.

(2) Share issues by CNP UniCredit Vita and OPCI AEP 247 for amounts of €17 million and €23.3 million, respectively.

(3) Issue of two tranches of subordinated debt comprising (i) €700 million of euro-denominated notes and (ii) GBP 300 million of sterling-denominated notes.

(4) Redemption of subordinated notes issued by CNP Assurances for an amount of €750 million.

(5) Adjustment of the opening cash balances of CNP Vida for €156.3 million (reclassified from "Cash and cash equivalents" to "Loans and receivables") and BVP Spain for -€29.8 million (reclassified from "Cash and cash equivalents" to "Cash deposits"). Impact on opening cash balance of €1.6 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 Significant events of the year

1.1 IMPACT OF FINANCIAL MARKET CONDITIONS IN 2011

Sovereign debt crisis

At 31 December 2011, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €111 billion, or an estimated exposure net of deferred participation and deferred taxation of €6.7 billion (see Note 9.9).

With the exception of the specific case of Greek sovereign debt dealt with hereinafter, in the absence of an incurred loss, no other sovereign debt securities have been impaired.

As regards Greek sovereign debt, gross exposure net of impairment losses recognised in 2011 totalled €578.4 million, or an estimated exposure net of deferred participation and deferred taxation of €22.7 million. In view of the illiquidity of the market for these securities, which has been especially marked since Q2 2011, the Group has developed its own model for determining the fair value of Greek debt securities held at 31 December 2011.

Based on the absence of quoted prices for the securities held by CNP and uncertainties that have arisen over the implementation of the Greek rescue plan put together in October 2011, the Group recognised cumulative impairment losses totalling €1.3 billion on Greek debt securities for the period (i.e., a net impact of €59.8 million on profit for the period). Impairment was calculated by a series of notes, resulting in an average discount of 70% of the securities' nominal value. It reflects the best estimate of the impact of the private sector participation in the Greek rescue plan. 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 new securities that are likely to be received in exchange for existing debt securities and the ultimate accounting impact of the Greek rescue plan.

Stock market crisis

European stock markets bore the brunt of investor pessimism over growth prospects and debt management in the eurozone and the lack of a concerted approach to the crisis among the governments involved. The Eurostoxx and CAC 40 indexes shed 17.5% and 17%, respectively, of their value in 2011.

Unfavourable changes in equity markets negatively impacted earnings due to impairment losses recognised on equities and other financial instruments for a gross amount of €1.4 billion (i.e., €193.8 million, net of shadow accounting adjustments and deferred taxation).

Goodwill impairment testing

Goodwill recognised by the Spanish, Brazilian and Cypriot subsidiaries was tested for impairment based on the assumptions contained in the related business plans and no impairment was detected. As regards goodwill recognised in respect of the Italian subsidiary and CNP UniCredit Vita (CUV), the Group noted the widening of spreads on Italian government bonds during the last three months of the year, reflecting investor fears over macro-economic indicators and the fraught situation in the eurozone, especially in Italy. Consequently, at 31 December 2011, the Group decided to increase the risk premium it uses to determine the value in use of the Italian CGU by 315 basis points. This automatically pushed up the cost of the options and financial guarantees of traditional savings products marketed by CNP UniCredit Vita and led to the recognition of impairment totalling €75 million on the Italian CGU.

Deferred participation asset

A net deferred participation asset totalling €85.2 million was booked in the balance sheet in 2011 (deferred participation asset of €620.9 million, less deferred participation reserve of €535.7 million) based on impairment charges and unrealised losses recognised over the period and reflecting the deferred participation assets deemed to be recoverable out of future profits. Recoverability testing uses the same methods as liability adequacy testing and the principles of Market Consistent Embedded Value (MCEV®) to demonstrate that it is highly probable that the amount calculated for deferred participation assets is recoverable out of future actual or unrealised profits.

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 ASSURANCES AND GDF SUEZ

On 12 July 2011, a public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts laid the foundations for a long-term partnership with GDF SUEZ in natural gas transportation in France and the rest of Europe. The partnership is based on the acquisition of a 25% non-controlling interest in GRTgaz for an amount of €1.1 billion.

This interest was acquired via two companies: Holding d'Infrastructures Gazières (HIG) controlled jointly by the consortium and Société d'Infrastructures Gazières (SIG) wholly owned by HIG, and which holds the 25% interest in GRTgaz.

The investment was financed by SIG via a capital increase subscribed by HIG, and a bond issue in the amount of €500 million subscribed in full by CNP Assurances (for €270 million) and Caisse des Dépôts (for €230 million). SIG's capital increase was financed by a prior capital increase at HIG subscribed by CNP Assurances for €358 million, representing 54.4% of the shares issued.

The transaction was signed on 27 June 2011 and completed on 12 July 2011. The bonds issued were listed on 16 September 2011.

The investment in HIG (€358 million) and the bonds (€270 million) are recognised in the Group's balance sheet under available for sale securities.

NOTE 2 Subsequent events

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

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 year ended 31 December 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 21 February 2012.

3.1 STATEMENT OF COMPLIANCE

In accordance with EU Directive 1606/2002/EC of 19 July 2002, the consolidated financial statements have been prepared in accordance with the IFRSs adopted by the European Union before 31 December 2011.

The subsidiaries all apply Group accounting policies, as presented in these notes.

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 any impact on the Group's consolidated financial statements.
- 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 any 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 any impact on the Group.
- Annual improvements to IFRS, as published on 6 May 2010, include amendments to six standards and one 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

- Amendment to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets, published on 7 October 2010 and adopted by the European Union. This amendment completes the disclosures in respect of the risks associated with the entity's continuing involvement in derecognised financial assets and introduces new disclosure requirements for transferred financial assets that are not derecognised in their entirety. It is applicable for accounting periods beginning on or after 1 July 2011 and is not expected to have a material impact on the Group's consolidated financial statements or lead to any changes in accounting treatment.

Accounting standards and interpretations published but not yet in force

- IFRS 9 – Financial Instruments, republished on 28 October 2010, consolidates the first of the three phases involved in replacing IAS 39. On 16 December 2011, IASB deferred the effective date of IFRS 9 from 1 January 2013 to annual periods beginning on or after 1 January 2015 and amended the related transition arrangements: adoptees will be granted relief from restating comparative periods but must provide additional disclosures in respect of the transition.

  IFRS 9 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 on the consolidated financial statements, are currently being studied by the Group.

- 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). On 20 December 2011, IASB published an exposure draft containing transition guidance for IFRS 10 and stipulating how and when an entity needs to apply IFRS 10 retrospectively. The Group is currently analysing the key impacts of the new standards and their basis of application. This work will continue in 2012.

  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 non-controlling 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.
- Amendment to IAS 32 – Financial Instruments: Presentation, published on 16 December 2011, and applicable to accounting periods beginning on or after 1 January 2014, sets out the rules for offsetting financial assets and financial liabilities. It is accompanied by an amendment to IFRS 7, applicable to accounting periods beginning on or after 1 January 2013, concerning additional disclosures for financial assets and liabilities that are subject to an enforceable master netting arrangement, as distinct from those that are not offset in accordance with IAS 32. 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 following information is incorporated by reference in the Registration Document, in accordance with Article 28 of European Commission Regulation 809/2004/EC dated 29 April 2004:

- the consolidated financial statements of CNP Assurances for the year ended 31 December 2010 and the related Statutory Auditors' report, as presented on pages 107 to 221, and pages 222 to 223, respectively, of the Registration Document filed with the AMF on 13 April 2011;
- the consolidated financial statements of CNP Assurances for the year ended 31 December 2009 and the related Statutory Auditors' report, as presented on pages 101 to 209, and pages 210 to 211, respectively, of the Registration Document filed with the AMF on 26 April 2010.

The consolidated financial statements are presented in millions of euros, rounded 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, biological assets 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 and they are subject to sensitivity analyses when this is required by regulations or when such tests back up the assumptions made by the Group.

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 criteria 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 assets or 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 INTO THE GROUP'S PRESENTATION CURRENCY

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, i.e., the Group's presentation currency, at the closing exchange rate.

Income and expenses of foreign operations 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.

Translation differences between the exchange rates used to translate assets and liabilities, and those used to translate income and expenses are recognised separately in equity as a translation adjustment.

3.7 FOREIGN CURRENCY TRANSACTIONS

The individual Group entities translate foreign currency transactions 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 (excluding available-for-sale financial assets) are translated using the closing rate, and the resulting exchange differences are recognised in profit or loss unless hedge accounting is used as described in Note 3.10.3.

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, e.g. when a non-monetary asset is classified as available-for-sale, 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.

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. Non-controlling 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 took 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 (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 non-controlling interests.

Acquisitions and disposals of non-controlling interests are recognised directly in equity.

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 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 non-controlling 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;
- 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.

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 (see Note 7.1).

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 the 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. Commissions and fees 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. One or a combination of the following factors would constitute objective evidence of impairment:

- a credit event as defined by the ISDA (International Swaps and Derivatives Association), namely, bankruptcy of the entity in question, failure to pay, or a reorganisation;
- knowledge of material financial difficulties being experienced by the counterparty that amount to a recognised risk, even in instances where the counterparty has not actually defaulted;
- the existence of certain facilities that would not have been granted to the counterparty in the absence of financial difficulties.

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 circumstances, e.g., an improvement in the counterparty's credit rating, the impairment loss is reversed 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 by adjusting the allowance account, 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, 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 values of derivatives designated as hedging instruments are disclosed in Note 9.7.

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 sharp increase in settlement costs or volatility, or a rapid widening in Z-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 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.

At 31 December 2011, the insurance subsidiaries and the Group as a whole complied with these minimum solvency capital requirements. Details of the Group's adjusted solvency capital based on the consolidated financial statements are reported each year to the ACP.

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.

3.12 TREASURY SHARES

The Group may acquire treasury stock via the liquidity contract set up for the purpose of stabilising the CNP Assurances share price or allocating shares under employee share grant plans (see Note 3.15.2). Treasury stock is recorded as a deduction from equity in the IFRS accounts.

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 or financial instruments without DPF 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 traditional savings 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.

Life premium reserves 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 the loadings on premiums 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.

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, deferred acquisition costs and 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 bonus 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.

Testing deferred participation assets for recoverability

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 and testing is performed by each group of contracts in order to factor portfolio segregation arrangements into the assessment.

Pursuant to the recommendation of the French National Accounting Board (*Conseil national de la comptabilité* – 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. Loadings on premiums are 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 ten 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.

PENSION PLANS IN THE INTERNATIONAL ENTITIES

Several defined contribution plans and a limited number of defined benefit plans have been set up throughout the different Group entities. The related obligations are non-material from a Group perspective.

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 yield on investment-grade corporate bonds that are traded in an active market (or the Government bond rate if no active market exists) with maturities that match the duration of the benefit obligation.

ACCOUNTING TREATMENT

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 or loss. 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, Assurhélène, 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.

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 losses carried forward 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 IFRS 8, and on the technical characteristics of the products distributed by the Group.

Three business segments are reported 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: loadings on premiums 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 non-controlling 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,
  - non-controlling 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 and validated by the Executive Committee are presented in the notes to the consolidated financial statements. On the assets side, only "Goodwill and the value of In-Force business" and "Financial investments and investments in associates" are tracked by reportable segment on a regular basis.

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

In € millions	Issuance date	31.12.2011 Interest rate	Currency	Amount
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 Jun. 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 Dec. 2026, then 3-month Euribor +195 bps	€	108.0
TOTAL				**2,141.8**

In € millions	Issuance date	31.12.2010 Interest rate	Currency	Amount
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 Jun. 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 Dec. 2026, then 3-month Euribor +195 bps	€	108.0
TOTAL				**2,141.8**

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)*	2,367,164	0.40%
TOTAL	**594,151,292**	**100.00%**

** The terms and conditions of the CNP Assurances liquidity contract currently in force are set out in the draft resolutions submitted to the CNP Assurances Annual General Meeting included in the 2010 Registration Document.*

4.3 EQUITY

	Ordinary shares	
Issued capital	**31.12.2011**	**31.12.2010**
Number of shares outstanding at the beginning of the period	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

4.4 2011 DIVIDENDS

The recommended 2011 dividend amounts to €0.77 per share, with an option for a payment made in the form of additional shares.

4.5 BASIC AND DILUTED EARNINGS PER SHARE

In € millions	31.12.2011	31.12.2010
Profit attributable to owners of the parent	871.9	1,050.0
Charge on deeply-subordinated debt, net of tax	(59.3)	(60.6)
Dividends on preferred shares	0.0	0.0
Profit attributable to ordinary shareholders	**812.6**	**989.4**

	31.12.2011	31.12.2010
Number of ordinary shares at 1 January	594,151,292.0	594,151,292.0
Treasury shares	(1,795,591.8)	(1,490,530.2)
Weighted average number of shares at end of reporting period	**592,355,700.2**	**592,660,761.8**

In € per share	31.12.2011	31.12.2010
Profit attributable to ordinary shareholders	1.37	1.67
After-tax effect of interest on convertible bonds	0.0	0.0
Diluted profit attributable to ordinary shareholders	**1.37**	**1.67**

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.

4.6 RELATED PARTY INFORMATION

Two parties are related if one controls or exercises significant influence over the policy decisions of the other, or if both parties are subject to significant influence from the same third-party entity or person.

Related parties are determined based on their relationship with CNP Assurances, the parent company of the Group, and mainly consist of its shareholders and entities controlled by these shareholders or by CNP Assurances (including its associates and joint ventures) and members of senior management.

Transactions and outstanding amounts between the parent company and its fully-consolidated subsidiaries are eliminated in full and do not appear in the consolidated financial statements.

For information, CNP Assurances received a total of €196 million in dividends from its subsidiaries during the period, comprising €34.9 million from its French subsidiaries, €140.8 million from CAIXA Seguros, €13.6 million from Barclays Vida y Pensiones and €6.8 million from Marfin Insurance Holdings Ltd.

The list of subsidiaries and associates is provided in Note 5.

4.6.1 Transactions between CNP Assurances and between Group shareholders and their subsidiaries

In € millions	Income statement	Balance sheet
Commissions	(1,372.7)	0.0
Fees	(41.1)	(11.3)
Reinsurance	0.0	0.0
Employee benefits expense	(16.3)	(2.4)
Financial income and loans	63.6	1,534.1
Financial expenses and borrowings	(20.3)	(496.9)
Dividends	(345.3)	0.0
Other	0.0	0.0

The shareholders of CNP Assurances (Caisse des Dépôts, BPCE and La Banque Postale) and their fully-consolidated and jointly-controlled entities and the entities over which Caisse des Dépôts exercises significant influence – are deemed to be related parties in accordance with IAS 24.

Commissions correspond to revenue received by BPCE and La Banque Postale on the sale of products managed by CNP Assurances.

Fees and employee benefits mainly concern various expenses rebilled by Caisse des Dépôts to CNP Assurances and assets management fees paid to Natixis AM and La Banque Postale AM.

Dividends relating to 2010 and paid to the Group's shareholders in 2011 amounted to €345.3 million, comprising amounts of €183.0 million, €81.2 million and €81.2 million paid to Caisse des Dépôts, BPCE and La Banque Postale, respectively.

4.6.2 Transactions with joint ventures and associates

The Group does not account for any companies using the equity method and only La Banque Postale Prévoyance is consolidated using the proportionate consolidation method.

In € millions	Income statement	Balance sheet
Commissions	0.0	0.0
Fees	0.0	0.0
Reinsurance	(3.4)	(18.7)
Employee benefits expense	0.0	0.0
Financial income and loans	0.0	0.0
Financial expenses and borrowings	0.0	0.0
Dividends	0.0	0.0
Other	0.0	0.0

In 2011, CNP Assurances received €9.5 million in dividends relating to 2010 from Banque Postale Prévoyance.

4.6.3 Transactions with other related parties

Other related parties mainly consist of GRTgaz and financial income corresponds to interest on bonds taken up by the Group as part of its investment in this consortium (see Note 1.3 in Significant events of the year).

In € millions	Income statement	Balance sheet
Commissions	0.0	0.0
Fees	0.7	1.3
Reinsurance	0.0	0.0
Employee benefits expense	4.5	9.2
Financial income and loans	7.0	227.2
Financial expenses and borrowings	0.0	0.0
Dividends	0.0	0.0
Other	0.0	0.0

4.7 MANAGEMENT REMUNERATION

The total remuneration paid to the Chairman, Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors is presented below, together with details of their remuneration by category.

2011

- Short-term benefits: the short-term benefits (including salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, the Chief Executive Officer, the three Deputy Chief Executive Officers and the members of the Board of Directors in 2011 amounted to €3,501,100.
- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the three Deputy Chief Executive Officers total €10,058,842.
- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payment: no share-based payments were made in 2011 to the Chief Executive Officer, the three Deputy Chief Executive Officers or the members of the Board of Directors.

2010

- Short-term benefits: the short-term benefits (including salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, the Chief Executive Officer, the three Deputy Chief Executive Officers and the members of the Board of Directors in 2010 amounted to €3,482,836.
- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the three Deputy Chief Executive Officers total €7,956,560.
- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payment: no share-based payments were made in 2010 to the Chief Executive Officer, the three Deputy Chief Executive Officers or the members of the Board of Directors.

NOTE 5 Scope of consolidation

5.1 CONSOLIDATED COMPANIES AND PERCENTAGE OF VOTING RIGHTS AT 31 DECEMBER 2011

Company	Consolidation method	Country	Business	31.12.2011 % voting rights	31.12.2011 % 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%
Préviposte	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 Prévoyance	Proportionate	France	Insurance	50.00%	50.00%	50.00%	50.00%
MFPrévoyance SA	Full	France	Insurance	64.72%	64.72%	0.00%	0.00%
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 fund units							
Univers CNP 1 FCP	Full	France	Mutual fund	99.79%	99.79%	99.79%	99.79%
CNP Assur Euro SI	Full	France	Mutual fund	97.10%	97.10%	97.08%	97.08%
Écureuil Profil 30	Full	France	Mutual fund	95.46%	95.46%	95.31%	95.31%
Lbpam Profil 50 D 5DEC	Full	France	Mutual fund	75.48%	75.48%	74.68%	74.68%
LBPAM act. Diversif. 5DEC	Full	France	Mutual fund	53.86%	53.86%	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	49.65%	49.65%	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	49.75%	49.75%	49.75%	49.75%
Écureuil Profil 90	Full	France	Mutual fund	53.56%	53.56%	54.28%	54.28%
Progressio 5 DEC	-	France	Mutual fund	0.00%	0.00%	92.49%	92.49%
Al Dente 3 3 DEC	Full	France	Mutual fund	54.44%	54.44%	56.49%	56.49%
Vivaccio ACT 5DEC	Full	France	Mutual fund	80.87%	80.87%	80.80%	80.80%
CNP Assur Alt. 3DEC	Full	France	Mutual fund	99.70%	99.70%	99.78%	99.78%

				31.12.2011		31.12.2010	
Company	Consolidation method	Country	Business	% voting rights	% interest	% voting rights	% interest
3. Property companies							
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%
OPCI AEW IMCOM 6	Proportionate	France	OPCI	50.00%	50.00%	0.00%	0.00%
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%
OPCI MTP Invest	Full	France	OPCI	100.00%	100.00%	0.00%	0.00%
OPCI AEW Imcom 1	Full	France	OPCI	100.00%	100.00%	0.00%	0.00%
OPCI AEP 247	Full	France	OPCI	85.42%	85.42%	0.00%	0.00%
Ecureuil Vie Developpement	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.*

5.2 FIRST-TIME CONSOLIDATION OF MFPRÉVOYANCE SA

On 3 November 2010, CNP Assurances acquired a 64.72% interest in MFPrévoyance SA for a total amount of €86.5 million. This acquisition is intended to deepen existing ties between CNP Assurances and MFP Services, a group of mutual insurers serving national and local government employees, through a new partnership structure designed to develop a personal risk insurance offering.

The Group consolidated MFPrévoyance SA for the first time in the second half of the year.

Purchase accounting was completed within the time limit specified in IFRS 3 and In-Force business was recognised for a non-material amount of €8.3 million before taxes, based on a 100% share (€5.3 million net of taxes). No goodwill was recognised in respect of MFPrévoyance SA.

NOTE 6 Segment information

6.1 BALANCE SHEET BY BUSINESS SEGMENT AT 31 DECEMBER 2011

Assets *In € millions*	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Goodwill and value of business In-Force	319.1	5.5	327.9	0.0	652.5
Financial investments and investments in associates	255,801.0	32,370.8	14,544.6	247.4	302,963.8
Other assets					17,394.2
TOTAL ASSETS					**321,010.6**

Equity and liabilities *In € millions*	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Total equity	9,915.3	1,221.9	2,069.3	10.6	13,217.1
Financial liabilities related to financial instruments (including deferred participation reserve)	149,837.3	6,664.2	453.0		156,954.5
Insurance liabilities	92,494.0	29,740.8	10,115.3		132,350.1
Other liabilities					18,488.9
TOTAL EQUITY AND LIABILITIES					**321,010.6**

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 INCOME STATEMENT BY BUSINESS SEGMENT AT 31 DECEMBER 2011

In € millions	31.12.2011					Reconciliation with premium income under IFRS	
	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
Premium income	21,203.2	3,817.1	5,865.6		30,885.9	(880.9)	30,005.1
Net new money	268.8	1,505.5	3,099.5		4,873.8		
Net revenue from insurance activities	**1,620.5**	**280.3**	**1,118.3**	**110.0**	**3,129.1**		
General expenses	(410.8)	(97.3)	(331.5)	(46.3)	(885.9)		
EBIT	**1,209.7**	**183.0**	**786.8**	**63.7**	**2,243.2**		
Finance costs					(149.9)		
Share in earnings of associates					0.0		
Non-recurring items					(0.5)		
Income tax expense (effective tax rate)					(720.0)		
Non-controlling interests					(263.8)		
Fair value adjustments on securities held for trading					(93.4)		
Net gains on equities and property					(143.7)		
ATTRIBUTABLE TO OWNERS OF THE PARENT					**871.9**		

In € millions	Income statement adjusted for non-current items 31.12.2011
EBIT	**2,243.2**
Net fair value adjustments	(137.3)
Net gains on equities and property	(268.6)
Non-recurring items	(1.6)
Operating profit	**1,835.7**

6.4 INCOME STATEMENT BY BUSINESS SEGMENT AT 31 DECEMBER 2010

	31.12.2010					Reconciliation with premium income under IFRS	
In € millions	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**	**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)		
Non-controlling 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**		

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

In € millions	**Income statement adjusted for non-current items 31.12.2010**
EBIT	**1,910.9**
Net fair value adjustments	30.7
Net gains on equities and property	140.6
Non-recurring items	(656.9)
OPERATING PROFIT	**1,425.3**

NOTE 7 Intangible assets

7.1 INTANGIBLE ASSETS BY CATEGORY

	31.12.2011				
In € millions	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**712.9**	**0.0**	**(179.0)**	**0.0**	**533.9**
Value of business In-Force	**470.2**	**(204.4)**	**(147.1)**	**0.0**	**118.7**
Distribution agreements	**141.2**	**(13.2)**	**(4.8)**	**0.0**	**123.2**
Software	**277.2**	**(210.3)**	**(0.1)**	**0.0**	**66.8**
Internally-developed software	107.9	(78.9)	0.0	0.0	29.0
Other software	169.3	(131.4)	(0.1)	0.0	37.8
Other*	**112.8**	**(20.2)**	**(12.0)**	**0.0**	**80.6**
TOTAL	**1,714.3**	**(448.1)**	**(343.0)**	**0.0**	**923.2**

	31.12.2010				
In € millions	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**786.4**	**0.0**	**(104.0)**	**0.0**	**682.5**
Value of business In-Force	**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*	**161.9**	**0.0**	**0.0**	**0.0**	**161.9**
TOTAL	**1,829.6**	**(400.3)**	**(251.2)**	**0.0**	**1,178.2**

* *"Other" items mainly relate to intangible assets impacted by the reform of the French pension system since 31 December 2010. The year-on-year decrease in this item from €161.9 million to €80.6 million mainly corresponds to:*

- *an amount of -€49.1 million related to a downward revision of the impact of the reform on technical reserves (in the income statement, this impact together with the adjustment to the corresponding amortisation, is almost completely offset by the related adjustment to reinsurers' share in technical reserves);*
- *an amount of -€12 million due to the decision to finance the increased provisions required under the reform by reallocating existing provisions. This reallocation resulted in the reversal of existing provisions which offset the impairment losses booked on intangible assets in the income statement and it was based on an analysis of existing margins performed on a sample of the contracts concerned. This analysis is on-going on the rest of the portfolio;*
- *an amount of -€20.2 million related to amortisation expense booked for the period.*

7.2 GOODWILL

7.2.1 Goodwill by company

In € millions	Original goodwill	Goodwill Investments held at 31.12.2011	Goodwill Investments held at 31.12.2010
La Banque Postale Prévoyance	45.8	22.9	22.9
CAIXA group	360.6	249.1	270.9
CNP UniCredit Vita	366.5	170.9	247.0
Marfin Insurance Holdings Ltd	81.6	79.7	81.6
Barclays Vida y Pensiones	55.9	11.3	60.0
TOTAL	**910.4**	**533.9**	**682.5**

The Group's annual goodwill impairment testing procedures are described in Note 3.9.1. The recoverable amount of the CGUs to which the entities listed above have been allocated corresponds to their value in use, based on net asset value plus expected future cash flows from existing policies and new business. Expected future revenues are estimated by taking the embedded value of In-Force insurance policies and financial instruments, and the value of new business.

CNP UNICREDIT VITA

The expected future cash flows are taken from the five-year business outlook (2011-2016) validated by management and extrapolated using a stable growth rate reflecting a combination of growth in GDP (0.8%) and inflation in 2016 for new business between 2015 and 2029, and then discounted to present value using a post-tax discount rate of 8.35% in line with the average weighted cost of capital and budgetary assumptions on the test date. No impairment was detected when testing on this basis.

However, the Group noted the widening of spreads on Italian government bonds during the last three months of the year, reflecting investor fears over macro-economic indicators and the fraught situation in the eurozone. Despite lower yields towards the end of the year, the Group anticipates that premiums on these bonds will remain high in Q1 2012 even though the gradual implementation of economic reforms by both the Italian government and the EU should lead to a narrowing of spreads during 2012.

Consequently, the Group again tested for impairment at end-December and decided, for that test, to increase the risk premium it uses to determine the value in use of the Italian CGU by 315 bps (using a discount rate of 11.5%). The resulting higher spreads automatically pushed up the cost of the options and financial guarantees of traditional savings products marketed by CNP UniCredit Vita and led to the recognition of impairment totalling €75 million on the CGU. A 20% decrease in estimated future business would have resulted in recognition of additional impairment of €35 million.

As explained in the summary of significant accounting policies, the recoverable amount is determined based on the assumption that the distribution agreement will be renewed. At end-May 2010, UniCredit and CNP Assurances signed an agreement aimed at strengthening their partnership, notably through the intention of both partners to develop a personal risk business. The partners also decided that the distribution agreement should be tacitly renewable at the end of the current contractual term (2017).

CAIXA GROUP

The expected future cash flows are taken from the five-year business outlook (2011-2016) validated by management and extrapolated using an average 8.5% growth rate for new business between 2015 and 2029, and then discounted to present value using a post-tax discount rate of approximately 13%.

At 31 December 2011, as in the previous period, a comparison of the recoverable amount and the carrying amount, and the application of a range of reasonable discount rates to future cash flows did not result in the recognition of an impairment loss.

At present, based only on an analysis of forecast cash flows through to the end of the current agreement in force (2021), there is no need to recognise an impairment loss provision. Similarly, the application of a range of reasonable discount rates to future cash flows did not result in the recognition of an impairment loss.

MARFIN INSURANCE HOLDINGS LTD

The expected future cash flows are taken from the five-year business outlook (2011-2016) validated by management and extrapolated using a stable growth rate (of between 2% and 6%) for new business between 2015 and 2028 (when the current agreement with Marfin expires), and then discounted to present value using a post-tax discount rate of approximately 9.5% for the Cypriot business, and a rate declining from 22% to 11.6% (from 2016 on) for the Greek business.

At 31 December 2011, as in the previous period, a comparison of the recoverable amount and the carrying amount, and the application of a range of reasonable discount rates to future cash flows, or a significant reduction in future volumes of business in Greece, did not result in the recognition of an impairment loss.

The decrease in the value of goodwill attributable to Marfin Insurance Holdings Ltd is due to adjustments to the acquisition price – actually paid, or estimated and relating to future periods – that were booked during the period.

BARCLAYS VIDA Y PENSIONES

The expected future cash flows are taken from the five-year business outlook (2011-2016) validated by management and extrapolated using a stable growth rate (of between 1.9% and 3.2%) for new business between 2015 and 2034 (when the current agreement with Barclays expires), and then discounted to present value using post-tax discount rates of 8.36%, 12.2% and 8.5% for the Spanish, Portuguese and Italian businesses, respectively.

At 31 December 2011, as in the previous period, a comparison of the recoverable amount and the carrying amount, and the application of a range of reasonable discount rates to future cash flows or future volumes (notably, a discount rate of 11.5% for the Italian business) did not result in the recognition of an impairment loss.

The decrease in the value of goodwill attributable to Barclays Vida y Pensiones is due to adjustments to the acquisition price – actually paid, or estimated and relating to future periods – that were booked during the period.

7.2.2 Changes in goodwill for the period

In € millions	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**682.5**	**775.6**
Goodwill recognised during the period	0.0	0.0
Adjustments to provisional accounting	0.0	(104.4)
Adjustments resulting from changes in earnouts[(1)]	(50.6)	(4.3)
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0
Translation adjustment on gross value	(25.1)	35.7
Other movements	(1.1)	(15.5)
Impairment losses recognised during the period[(2)]	(75.0)	0.0
Translation adjustment on movements during the period	3.2	(4.6)
Increase in interest rates	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**533.9**	**682.5**

(1) The decrease in the value of goodwill is due to adjustments to the acquisition price – actually paid, or estimated and relating to future periods – that were booked during the period, particularly in relation to Barclays Vida y Pensiones.
(2) Impairment losses are reported in the income statement under “Change in fair value of intangible assets”.

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 31 December 2011	Carrying amount at 31 December 2010
CAIXA group	122.6	5.6	8.4
CNP UniCredit Vita	175.3	0.0	0.0
CNP Vida	24.0	0.0	0.0
CNP Seguros de Vida	0.9	0.0	0.1
Marfin Insurance Holdings Ltd	44.4	33.0	35.3
Barclays Vida y Pensiones[(1)]	101.4	73.9	84.0
MFPrévoyance SA[(2)]	8.3	6.2	0.0
TOTAL	**476.9**	**118.7**	**127.8**

(1) 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.
(2) At 31 December 2011, In-Force business was recognised for an amount of €8.3 million before taxes following completion of the acquisition audit work, based on a 100% share.

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7.3.2 Changes in the value of business In-Force

In € millions	31.12.2011	31.12.2010
Gross at the beginning of the period	**472.1**	**356.2**
Newly-consolidated companies	8.3	0.0
Translation adjustments	(10.2)	14.5
Acquisitions for the period	0.0	101.4
Disposals for the period	0.0	0.0
Gross at the end of the period	*470.2*	*472.1*
Accumulated amortisation and impairment at the beginning of the period	*(344.3)*	*(289.7)*
Translation adjustments	9.6	(13.3)
Amortisation for the period	(16.8)	(21.9)
Impairment losses recognised during the period*	0.0	(19.4)
Impairment losses reversed during the period	0.0	0.0
Disposals for the period	0.0	0.0
Accumulated amortisation and impairment at the end of the period	*(351.5)*	*(344.3)*
CARRYING AMOUNT AT THE END OF THE PERIOD	**118.7**	**127.8**

* *At 31 December 2010, impairment related to the value of CNP Vida's In-Force business and was reported in the income statement under "Change in fair value of intangible assets".*

7.3.3 Distribution agreements

In € millions	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**170.6**	**0.0**
Acquisitions for the period	0.0	180.2
Amortisation for the period	(3.6)	(9.6)
Adjustments	(39.0)	0.0
Impairment losses recognised during the period*	(4.8)	0.0
Translation adjustments	0.0	0.0
Other movements	0.0	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**123.2**	**170.6**

* *Impairment losses are reported in the income statement under "Change in fair value of intangible assets".*

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. At 31 December 2011, this amount was written down by the estimated amount of earnout payments relating to future periods based on the growth of the Barclays branch network. The value of the network is amortised over the term of the corresponding distribution agreement on a straight-line basis.

7.4 SOFTWARE

7.4.1 Internally-developed software

In € millions	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**20.7**	**13.5**
Acquisitions for the period	14.0	10.2
Amortisation for the period	(5.9)	(3.0)
Impairment losses	0.0	0.0
Translation adjustments	0.0	0.0
Other movements	0.2	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**29.0**	**20.7**

7.4.2 Other software and other intangible assets

In € millions	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**176.7**	**18.2**
Acquisitions for the period	17.2	170.8
Amortisation for the period	(30.2)	(8.6)
Impairment losses	(13.0)	(3.7)
Translation adjustments	(0.7)	0.0
Other movements	(31.6)	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**118.4**	**176.7**

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

In € millions

Carrying amount of investment property	31.12.2011	31.12.2010
Investment property measured by the cost model		
Gross value	1,568.7	1,159.9
Accumulated depreciation	(304.2)	(344.7)
Accumulated impairment losses	(28.4)	(22.5)
Carrying amount	**1,236.1**	**792.7**
Investment property measured by the fair value model		
Gross value	511.5	485.3
TOTAL INVESTMENT PROPERTY	**1,747.6**	**1,278.0**

In € millions

Investment property (other than property held in unit-linked portfolios)	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**792.7**	**817.9**
Acquisitions	619.5	3.0
Post-acquisition costs included in the carrying amount of property	0.0	10.8
Properties acquired through business combinations	0.0	0.0
Disposals	(164.6)	(36.7)
Depreciation for the period	(1.3)	(22.4)
Impairment losses recognised during the period	2.6	(2.1)
Impairment losses reversed during the period	(12.8)	19.1
Translation adjustments	0.0	0.0
Other movements	0.0	3.1
Non-current assets held for sale and discontinued operations	0.0	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**1,236.1**	**792.7**

In € millions Investment property held in unit-linked portfolios	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**485.3**	**466.1**
Acquisitions	5.8	3.0
Post-acquisition costs included in the carrying amount of property	0.0	0.2
Properties acquired through business combinations	0.0	0.0
Disposals	(0.6)	(2.5)
Net gains (losses) arising from remeasurement at fair value	29.1	27.6
Translation adjustments	0.0	0.0
Other movements	(8.2)	(9.1)
CARRYING AMOUNT AT THE END OF THE PERIOD	**511.5**	**485.3**

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 AND OTHER PROPERTY AND EQUIPMENT

In € millions Owner-occupied property	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**167.6**	**113.0**
Acquisitions	28.3	50.3
Post-acquisition costs included in the carrying amount of property	0.0	1.3
Properties acquired through business combinations	0.0	0.0
Disposals	0.0	(0.7)
Depreciation for the period	(4.9)	(4.7)
Impairment losses recognised during the period	(2.8)	(0.2)
Impairment losses reversed during the period	2.2	7.2
Translation adjustments	(2.6)	1.4
Transfers	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**187.8**	**167.6**

In € millions Other property and equipment	31.12.2011	31.12.2010
Carrying amount at the beginning of the period	**85.1**	**66.8**
Acquisitions for the period	17.3	35.2
Amortisation for the period	(18.0)	(19.0)
Disposals for the period	(0.1)	(0.7)
Translation adjustments	(2.0)	2.9
Other movements	(17.7)	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	**64.6**	**85.1**

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 Investments at 31 December 2011

In € millions		31.12.2011					
		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit or loss	Fixed-rate bonds					10,766.1	
	Variable-rate bonds					16,224.6	
	TCNs (money market securities)					395.5	
	Equities					4,944.7	
	Mutual fund units					26,676.4	
	Shares in non-trading property companies					1,396.1	
	Other (including lent securities and repos)					1.4	
	Total					**60,404.9**	
Derivative instruments	Derivative instruments (positive fair value)					3,583.3	
	Derivative instruments (negative fair value)					(3,179.2)	
	Total					**404.1**	
Available-for-sale financial assets	Fixed-rate bonds	150,558.8	1,392.8	(1,312.1)	1,384.4	152,023.9	
	Variable-rate bonds	25,519.7	857.4	(91.5)	(649.0)	25,636.6	
	TCNs (money market securities)	15,889.8	(12.4)	0.0	(507.4)	15,370.0	
	Equities	16,762.9		(6,072.9)	2,702.9	13,392.9	
	Mutual fund units	14,447.7		(433.6)	210.9	14,225.1	
	Shares in non-trading property companies	2,767.9		(124.5)	1,070.5	3,713.9	
	Non-voting loan stock	57.9		(1.1)	5.4	62.2	
	Other (including lent securities and repos)	7,115.7	(23.6)	(584.9)	777.1	7,284.3	
	Total	**233,120.4**	**2,214.2**	**(8,620.6)**	**4,994.9**	**231,708.9**	
Held-to-maturity investments	Fixed-rate bonds	1,071.1		(42.4)	0.0	1,028.7	3.2
	Total	**1,071.1**		**(42.4)**	**0.0**	**1,028.7**	**3.2**

In € millions		31.12.2011					
		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Loans and receivables	Loans and receivables	4,429.5		0.0	0.0	4,429.5	8.1
	Total	**4,429.5**		**0.0**	**0.0**	**4,429.5**	**8.1**
Investment property	Investment property at amortised cost	1,568.7	(304.2)	(28.4)		1,236.1	1,082.9
	Investment property at fair value	511.5				511.5	
	Total	**2,080.2**	**(304.2)**	**(28.4)**		**1,747.6**	**1,082.9**
TOTAL				**(8,691.4)**	**4,994.9**	**299,723.8**	**1,094.2**

At 31 December 2011, unrealised losses on equities accounted for 13%, in absolute value, of the equities revaluation reserve, which stood at €2.7 billion and exclusively concerns the French entities. At end-December 2011, around half of gross unrealised losses are attributable to the decline in equities markets during 2011.

The impact of the French entities on the revaluation reserve for other securities (mainly bonds, money market securities and mutual funds) is a positive €1 billion, whereas the foreign subsidiaries (CNP UniCredit Vita, Barclays Vida y Pensiones) represent a negative balance in the region of €600 million. The latter reflects unrealised losses arising in 2011 on Italian, Spanish and Portuguese sovereign debt. Unrealised losses for the French entities represent 45% of the total revaluation reserve (in absolute value) of which 10% arose in 2011.

Unit-linked portfolios at fair value through profit or loss at 31 December 2011

In € millions	Carrying amount		
	Unit-linked	Traditional savings	Total
Fixed-rate bonds	5,381.7	5,384.4	10,766.1
Variable-rate bonds	8,419.4	7,805.3	16,224.6
TCNs (money market securities)	0.0	395.5	395.5
Equities	321.3	4,623.5	4,944.7
Mutual fund units	15,265.1	11,411.2	26,676.4
Shares in non-trading property companies	0.0	1,396.1	1,396.1
Other	0.0	1.4	1.4
ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**29,387.5**	**31,017.4**	**60,404.9**

9.1.2 Investments at 31 December 2010

In € millions		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
		31.12.2010					
Assets at fair value through profit or loss	Fixed-rate bonds					17,931.5	
	Variable-rate bonds					9,592.8	
	TCNs (money market securities)					191.3	
	Equities					6,574.1	
	Mutual fund units					28,276.7	
	Shares in non-trading property companies					1,465.8	
	Other (including lent securities and repos)					0.9	
	Total					**64,033.1**	
Derivative instruments	Derivative instruments (positive fair value)					3,012.8	
	Derivative instruments (negative fair value)					(2,356.2)	
	Total					**656.5**	
Available-for-sale financial assets	Fixed-rate bonds	174,345.7	1,252.0	(196.1)	2,342.3	177,743.9	
	Variable-rate bonds	7,314.1	453.5	0.0	62.7	7,830.3	
	TCNs (money market securities)	8,106.4	(10.5)	0.1	(132.8)	7,963.2	
	Equities	17,123.1		(4,638.4)	4,784.6	17,269.4	
	Mutual fund units	9,959.6		(441.8)	654.1	10,172.0	
	Shares in non-trading property companies	2,255.0		(125.8)	1,011.3	3,140.5	
	Non-voting loan stock	57.8		(1.1)	10.2	66.9	
	Other (including lent securities and repos)	5,973.2	(50.1)	(482.5)	645.5	6,086.1	
	Total	**225,135.0**	**1,644.9**	**(5,885.6)**	**9,377.9**	**230,272.2**	
Held-to-maturity investments	Fixed-rate bonds	1,259.8		(47.0)	0.0	1,212.8	24.5
	Total	**1,259.8**		**(47.0)**	**0.0**	**1,212.8**	**24.5**
Loans and receivables	Loans and receivables	3,958.6		0.0	0.0	3,958.6	0.8
	Total	**3,958.6**		**0.0**	**0.0**	**3,958.6**	**0.8**
Investment property	Investment property at amortised cost	1,159.9	(344.7)	(22.5)		792.7	976.6
	Investment property at fair value	485.3				485.3	
	Total	**1,645.3**	**(344.7)**	**(22.5)**		**1,278.0**	**976.6**
TOTAL				**(5,955.1)**	**9,377.9**	**301,411.3**	**1 001,9**

UNIT-LINKED PORTFOLIOS AT FAIR VALUE THROUGH PROFIT OR LOSS AT 31 DECEMBER 2010

	Carrying amount		
In € millions	Unit-linked	Traditional savings	Total
Fixed-rate bonds	5,046.8	12,884.7	17,931.5
Variable-rate bonds	8,522.8	1,070.0	9,592.8
TCNs (money market securities)	0.0	191.3	191.3
Equities	411.8	6,162.3	6,574.1
Mutual fund units	16,576.2	11,700.5	28,276.7
Shares in non-trading property companies	0.0	1,465.8	1,465.8
Other	0.0	0.9	0.9
ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**30,557.6**	**33,475.5**	**64,033.1**

9.1.3 Reconciliation of insurance investments in the balance sheet to investments analysed in Notes 9.1.1 and 9.1.2

In € millions	31.12.2011	31.12.2010
Analysis of investments	299,723.8	301,411.3
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(3,179.2)	(2,356.2)
Balance sheet – Assets – Insurance investments	302,902.9	303,767.5
VARIANCE	**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 31 December 2011

In € millions	31.12.2011			
	Category 1: last available quotation of assets quoted in an active market	Category 2: estimated market value using valuation model based on observable market inputs	Category 3: estimated market value using valuation model not based solely on observable market inputs	Total
Financial assets at fair value through profit or loss [(1)]	48,268.2	15,679.7	40.3	63,988.2
Change in fair value through profit or loss [(2)]	(179.8)	(106.7)	(5.1)	(291.6)
Available-for-sale financial assets	205,130.6	26,292.4	285.9	231,708.9
Change in fair value through equity [(3)]	(351.6)	(9.6)	1.5	(359.7)
Held-to-maturity investments [(4)]	874.8	157.2	0.0	1,032.0
TOTAL FINANCIAL ASSETS	**254,273.6**	**42,129.3**	**326.2**	**296,729.1**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	0.0
Financial liabilities – financial instruments without DPF (excluding linked liabilities)	624.6	328.0	0.0	952.6
Financial liabilities (linked liabilities) – financial instruments without DPF	3,832.8	30.7	0.0	3,863.5
Derivative instruments		3,179.2	0.0	3,179.2
TOTAL FINANCIAL LIABILITIES	**4,457.4**	**3,537.9**	**0.0**	**7,995.3**

(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 used a pricing model to value these bonds and reclassified them (classified as available-for-sale) from fair value category 1 to category 2. 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.

Consequently, the model used by the Group and applied to each series of Greek bonds calculates the sum of discounted cash flows, weighted by the probability of actually receiving the flows (i.e., the probability that the issuer will not default before the coupon due date, also known as the survival probability). In the event that the issuer defaults, the cash flows correspond to the amount recovered (calculated using the recovery rate). These amounts are also discounted and weighted by the probability of a default.

Aside from the specific characteristics of the bond, i.e., the coupon amount, frequency and basis of calculation, as well as the enjoyment dates and maturity, the model also factors in the interest rate curve and the issuer's credit curve.

The survival probability is determined implicitly based on the CDS valuation formula: a flat credit curve is used, corresponding to the spread on five-year CDS, i.e., one of the most liquid and least speculative contracts. The recovery rate corresponds to the rate implicitly determined by the market for the series of notes held by the Group that is most representative in terms of the amount and deemed to be the least illiquid, adjusted for the illiquidity of these transactions as reflected in the bid-ask spread.

Applying this approach to each series of notes, i.e., using this recovery rate and applying the CDS spread observed at end-December, gives a discount of 70% of the securities' nominal value.

All other sovereign debt securities were marked to market and classified in category 1.

9.2.2 Valuation methods at 31 December 2010

In € millions	31.12.2010 Category 1: Last available quotation of assets quoted in an active market	Category 2: Estimated market value using valuation model based on observable market inputs	Category 3: 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	209,517.5	20,486.9	267.8	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	**260,293.8**	**37,959.9**	**301.7**	**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 linked liabilities)	946.5	38.1	0.0	984.6
Financial liabilities (linked liabilities) – 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 Reconciliation of movements for the period in securities measured using a valuation model not based solely on observable market inputs

	31.12.2011										
In € millions	Opening carrying amount	Acquisitions	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	Remeasurement at fair value through profit or loss	Remeasurement at fair value through profit or loss	Impairment	Closing carrying amount
Financial assets at fair value through profit or loss	27.7	0.0	0.0	20.5	0.0	0.0	0.0	0.0	(7.9)	0.0	40.3
Available-for-sale financial assets	267.8	9.3	0.0	6.2	0.0	0.0	0.0	2.5	0.0	0.0	285.9
Held-to-maturity investments	6.2	0.0	0.0	0.0	(6.2)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL FINANCIAL ASSETS	**301.7**	**9.3**	**0.0**	**26.7**	**(6.2)**	**0.0**	**0.0**	**2.5**	**(7.9)**	**0.0**	**326.2**
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**

	31.12.2010										
In € millions	Opening carrying amount	Acquisitions	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	Remeasurement at fair value through profit or loss	Remeasurement at fair value through profit or loss	Impairment	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	360.4	0.0	0.0	0.0	(110.6)	0.0	(3.0)	79.5	0.0	(58.5)	267.8
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	**393.6**	**0.0**	**0.0**	**0.0**	**(110.6)**	**0.7**	**(3.0)**	**79.5**	**0.0**	**(58.5)**	**301.7**
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 REPURCHASE AGREEMENTS

The following table analyses the carrying amount of securities sold under repurchase agreements, by asset category and intended holding period.

		Carrying amount	
In € millions		31.12.2011	31.12.2010
Available-for-sale financial assets			
	Fixed-rate bonds	2,994.5	2,889.3
	Equities	0.0	0.0
	TOTAL	**2,994.5**	**2,889.3**

9.4 LENT SECURITIES

The following table analyses the carrying amount of lent securities, by asset category and intended holding period.

		Carrying amount	
In € millions		31.12.2011	31.12.2010
Available-for-sale financial assets			
	Fixed-rate bonds	46.3	155.5
	Equities	911.2	611.4
	TOTAL	**957.5**	**766.9**

9.5 MOVEMENTS FOR THE PERIOD

9.5.1 2011

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjust-ments	Additions to provi-sions for impair-ment*	Reversals of provi-sions for impair-ment*	Changes in scope of consolida-tion	Other	Closing carrying amount
Securities held for trading	64,033.1	337,829.4	(337,422.4)	(2,284.8)	0.0	0.0	(1,092.5)**	(658.0)	60,404.9
Derivative instruments	656.5	76.1	(23.3)	(305.3)	0.0	0.0	0.0	0.0	404.1
Available-for-sale financial assets	230,272.2	113,189.9	(104,922.2)	(4,382.5)	(3,085.3)	339.0	366.1	(68.4)	231,708.9
Held-to-maturity investments	1,212.8	256.6	(369.0)	0.0	0.0	4.5	0.0	(76.2)	1,028.7
Loans and receivables	3,958.6	1,603.8	(1,290.8)	0.0	0.0	0.0	0.0	157.8	4,429.5
Investment property	1,278.0	149.6	(151.1)	28.6	0.0	0.0	442.3	0.1	1,747.6
TOTAL	**301,411.3**	**453,105.6**	**(444,178.8)**	**(6,943.9)**	**(3,085.3)**	**349.2**	**(284.1)**	**(650.4)**	**299,723.7**

* *See Note 20.3 Impairment.*

** *Corresponds to the divestment of two consolidated mutual funds.*

9.5.2 2010

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjust-ments	Additions to provi-sions for impair-ment	Reversals of provi-sions for impair-ment	Changes in scope of conso-lidation	Other	Closing carrying amount
Securities held for trading	62,631.5	367,773.2	(368,691.5)	1,330.9	0.0	0.0	0.0	988.9	64,033.1
Derivative instruments	690.3	22.6	(17.8)	(38.5)	0.0	0.0	0.0	0.0	656.5
Available-for-sale financial assets	216,839.2	89,324.3	(72,085.1)	(2,469.3)	(382.7)	170.7	0.0	(1,132.6)	230,272.2
Held-to-maturity investments	1,209.9	179.0	(281.5)	0.0	0.0	4.0	0.0	101.3	1,212.8
Loans and receivables	2,451.4	1,500.5	(1,299.4)	0.0	0.0	0.0	0.0	1,306.1	3,958.6
Investment property	1,284.1	(7.1)	(27.4)	26.7	0.0	0.0	0.0	1.7	1,278.0
TOTAL	**285,106.4**	**458,792.6**	**(442,402.7)**	**(1,150.2)**	**(382.7)**	**174.7**	**0.0**	**1,265.4**	**301,411.3**

9.6 DERIVATIVE INSTRUMENTS

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

	31.12.2011											
	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	
In € millions	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	26.0	(183.0)	280.3	(393.1)	904.6	(901.5)	479.1	(529.0)	815.6	(732.4)	2,505.5	(2,738.9)
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	1.1	(0.1)	116.3	(26.9)	574.8	(128.6)	150.7	(57.9)	15.9	(16.0)	858.9	(229.5)
Equity	205.8	(199.2)	13.0	0.0	0.0	0.0	0.0	0.0	0.0	(11.6)	218.9	(210.8)
TOTAL	**232.9**	**(382.2)**	**409.7**	**(420.0)**	**1,479.4**	**(1,030.1)**	**629.8**	**(586.9)**	**831.5**	**(760.0)**	**3,583.3**	**(3,179.2)**

	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	
In € millions	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)**

9.7 DERIVATIVE INSTRUMENTS USED QUALIFYING FOR HEDGE ACCOUNTING

In € millions	31.12.2011 Currency swap
Notional amount	**339.6**
Cash flow hedge reserve	**6.3**
Change in cash flow hedge reserve during the period	29.5
Cash flow hedge reserve recycled through profit or loss during the period	(19.6)
Deferred taxes	(3.6)

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 annual interest and principal repayments on sterling-denominated notes issued by the Group in 2011. It qualifies for hedge accounting as a cash flow hedge (see Note 3.10.3). At 31 December 2011, no amount had been recognised in profit or loss for the ineffective portion of the hedge.

9.8 CREDIT RISK

9.8.1 Analysis of the bond portfolio at 31 December 2011 by issuer rating

From 31 December 2011, CNP Assurances applies the “second-best rating” method to analyse the bond portfolios of the main Group entities in compliance with the Solvency II prudential framework (previously, the Group applied the “worst rating” method). The following table provides a comparison of the two methods.

	31.12.2011			
	Bond portfolio at fair value			
Rating	Second best rating	%	Worst rating	%
AAA	106,203.4	47.3%	95,249.3	42.4%
AA	38,663.9	17.2%	32,737.4	14.6%
A	52,234.6	23.3%	67,036.1	29.9%
BBB	13,140.9	5.9%	14,490.3	6.5%
Non-investment grade*	13,082.5	5.8%	13,611.1	6.1%
Not rated	1,118.0	0.5%	1,319.1	0.6%
TOTAL	**224,443.2**	**100.0%**	**224,443.2**	**100.0%**

* *Mostly consists of Brazilian government bonds held by CAIXA Seguros and rated below BBB based on an international correlation table.*

9.8.2 Analysis of the bond portfolio at 31 December 2010 by issuer rating

	31.12.2010	
Rating	**Bond portfolio at fair value**	**%**
AAA	89,131.3	39.5%
AA	42,354.6	18.8%
A	69,999.1	31.1%
BBB	11,542.7	5.1%
Non-investment grade*	11,773.0	5.2%
Not rated	572.6	0.3%
TOTAL	**225,373.3**	**100.0%**

* *Mostly consists of Brazilian government bonds held by CAIXA Seguros and rated below BBB based on an international correlation table.*

9.9 CLASSIFICATION OF INVESTMENTS BY TYPE OF ASSET AND BY GEOGRAPHIC REGION

9.9.1 Classification by type of asset and by geographic region at 31 December 2011

		Geographic area of the issuer at 31 December 2011							
In € millions		**France**	**Germany**	**Italy**	**Rest of Europe**	**USA**	**Brazil**	**Other**	**Total**
Available-for-sale financial assets	Debt securities	81,038	9,965	13,915	59,239	8,596	977	19,300	193,031
	Mutual fund units	12,356	93	20	1,734	0	0	23	14,225
	Equities	7,985	1,916	723	2,451	4	24	291	13,393
	Other	11,023	0	0	31	0	6	0	11,060
Held-for-trading	Debt securities	6,877	747	3,385	5,365	1,871	7,783	1,358	27,386
	Mutual fund units	22,398	3	93	3,650	400	131	2	26,676
	Equities	1,847	343	119	851	1,098	288	399	4,945
	Other	1,388	0	1	9	0	0	0	1,398
Held-to-maturity investments	Debt securities	50	0	42	107	0	830	0	1,029
Loans and receivables		3,705	0	0	709	0	0	15	4,429
Derivative instruments		410	(3)	0	(3)	0	0	0	404
Investment property		1,728	0	0	19	0	0	0	1,747
TOTAL		**150,806**	**13,064**	**18,297**	**74,162**	**11,969**	**10,038**	**21,387**	**299,723**

Debt securities issued by other institutions located in Greece or the so-called "peripheral" countries are only deemed to be impaired in the event of an incurred loss and the related impairment loss provision is recognised in accordance with Group impairment procedures. At end-2011, the Group's exposure to Greek banks amounted to approximately €138 million.

Of which sovereign debt risk exposure which includes debt issued by both central governments (sovereign debt) and regional and local government and supra national bodies and agencies (quasi-sovereign debt).

List of countries (for information)	31.12.2011 Gross exposure Carrying amount*	31.12.2011 Gross exposure Fair value**	31.12.2011 Net exposure Fair value**	Pro forma 31.12.2010 Gross exposure Carrying amount*	Pro forma 31.12.2010 Gross exposure Fair value**	Pro forma 31.12.2010 Net exposure Fair value**	Reported 31.12.2010 Gross exposure Carrying amount*	Reported 31.12.2010 Gross exposure Fair value**	Reported 31.12.2010 Net exposure
France	56,733.2	59,083.2	3,019.6		44,335.2	2,188.0	36,767.0		2,397.9
Italy	12,647.8	10,690.7	1,088.9		14,937.8	662.0	15,196.7		1,115.1
Belgium	9,352.7	9,225.5	319.2		9,904.2	309.1	9,724.5		584.4
Spain	6,283.5	5,778.7	426.5		9,649.1	804.8	9,658.9		763.9
Austria	6,447.9	6,794.1	200.9		8,409.2	251.6	8,317.7		452.2
Brazil	940.0	980.5	588.0		872.4	522.9	7,849.3		3,932.5
Portugal	3,253.5	1,821.1	100.8		3,508.4	418.7	3,942.5		297.6
Netherlands	750.3	793.1	28.3		3,289.0	73.9	3,780.4		211.1
Ireland	2,230.0	1,717.7	48.1		2,731.7	84.5	3,498.9		198.5
Germany	4,465.3	4,862.5	293.9		6,480.2	306.1	3,058.9		176.7
Greece	578.4	578.4	22.7		1,255.8	50.1	1,974.5		126.8
Finland	401.6	430.6	10.6		1,809.0	46.5	1,697.1		107.1
Poland	270.2	258.5	15.2		274.2	17.1	268.8		27.1
Luxembourg	196.6	208.7	20.2		258.5	23.8	258.5		47.3
Sweden	103.3	107.7	2.8		227.1	4.1	221.1		10.8
Denmark	195.3	203.0	4.5		229.7	4.1	219.2		10.5
Slovenia	312.6	263.7	5.9		153.8	4.1	154.8		8.1
United Kingdom	70.1	158.1	0.0		0.0	0.0	134.4		18.4
Canada	747.5	804.3	64.1		868.6	67.3	105.1		9.8
Cyprus	23.9	15.9	15.9		24.1	24.1	32.6		29.0
Other	5,886.9	6,215.5	478.4		4,814.2	328.4	158.7		9.9
TOTAL	**111,890.6**	**110,991.7**	**6,754.3**		**114,032.3**	**6,191.3**	**107,019.5**		**10,534.8**

* *Carrying amount, including accrued coupon.*

** *The fair value of Greek sovereign debt is estimated using mark-to-model pricing, including the accrued coupon.*

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 the fair value of bonds, 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 (exposure was estimated based on carrying amounts at 31 December 2010);
- 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).

At 31 December 2011, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €111.1 billion, or an estimated exposure net of deferred participation and deferred taxes of €6.7 billion. 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 non-controlling interests.

The calculation of net exposure has been standardised at Group level and 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 bonus 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 6.1% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 64% corresponding to the impact of the average weighted tax rate on the Group's entities) and a deferred participation impact (a 9.5% factor, supplementing the effective participation rate 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 6.1% (64% multiplied by 9.5%) 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 €2.9 billion at 30 June 2011 for France;
- the Group's ability to lower the discretionary participation it pays to policyholders. In France, the estimated minimum guaranteed interest rate is approximately 0.9% for a projected DPF rate of around 2.7% at end-2011, whereas in Italy, Spain and Portugal this ability is limited by the guaranteed yields on policies in these countries;
- unrealised gains, especially on property (€3.2 billion) and on equities (€2.4 billion). These amounts were taken into account when testing deferred participation assets for recoverability.

With the exception of the specific case of Greek sovereign debt dealt with hereinafter, in the absence of an incurred loss, no other sovereign debt securities have been impaired. The vast majority of Irish and Portuguese sovereign debt held by the Group has an average residual maturity of between five and ten years.

GREEK SOVEREIGN DEBT

Gross exposure on Greek sovereign debt calculated based on the carrying amount before impairment totals €1.9 billion. The amount net of impairment losses is €578.4 million. Gross exposure based on fair value at 31 December 2011 also amounts to €578.4 million (or net exposure of €22.7 million).

As explained in Note 9.2.1, due to the illiquidity of the market for Greek bonds, which was especially marked in Q2 2011, the Group has used a pricing model for calculating the fair value of these securities.

Based on the absence of observable market inputs for the securities held by CNP Assurances and uncertainties that have arisen over the implementation of the Greek rescue plan put together in October 2011, the Group recognised cumulative impairment losses totalling €1.3 billion on Greek debt securities for the period (i.e., a net impact of €57.8 million on profit for the period). Impairment was calculated by a series of notes, based on an average of 70% of the securities' nominal value, and reflects the best possible estimate of the consequences of private sector participation in the Greek rescue plan. 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 new securities that are likely to be received in exchange for existing debt securities and the ultimate accounting impact of the Greek rescue plan.

The nominal amount of Greek sovereign debt held by the Group can be broken down as follows by maturity profile: €445.8 million for 2011-2014; €1,235.4 million for 2015-2020; and €126.7 million beyond 2020.

9.9.2 Classification by type of asset and by geographic region at 31 December 2010

In € millions		Geographic area of the issuer at 31 December 2010 France	Germany	Italy	Rest of Europe	USA	Brazil	Other	Total
Available-for-sale financial assets	Debt securities	62,336	11,189	18,867	70,509	9,762	819	20,055	193,537
	Mutual fund units	8,169	160	38	1,781	0	0	23	10,172
	Equities	10,485	2,575	907	2,976	4	49	274	17,269
	Other	9,267	0	0	27	0	0	0	9,294
Held-for-trading	Debt securities	5,393	744	3,951	5,719	3,241	6,998	1,670	27,716
	Mutual fund units	23,671	3	63	3,952	456	126	8	28,277
	Equities	2,601	580	197	1,332	1,015	367	482	6,574
	Other	1,458	0	1	8	0	0	0	1,467
Held-to-maturity investments	Debt securities	219	0	42	103	0	849	0	1,213
Loans and receivables		3,316	0	0	634	0	0	9	3,959
Derivative instruments		657	0	0	1	0	(1)	0	657
Investment property		1,261	0	0	17	0	0	0	1,278
TOTAL		**128,832**	**15,250**	**24,066**	**87,058**	**14,478**	**9,207**	**22,521**	**301,411**

9.10 FOREIGN CURRENCY BALANCES

The following tables analyse monetary assets and liabilities by foreign currency (i.e., denominated in currencies other than the functional currencies of Group entities), and present estimated amounts of currency to be received/delivered under foreign exchange derivatives.

9.10.1 Foreign currency balances at 31 December 2011

	31.12.2011					
	Monetary assets		Monetary liabilities			
In € millions	Financial assets	Other assets	Insurance liabilities	Other liabilities	Currency to be received	Currency to be delivered
USD	632	28	263	0	0	975
GBP	260	19	228	351	624	452
JPY	1	0	1	0	0	0
BRL	0	0	0	0	0	0
EUR	0	0	0	0	1,427	624
Other	2	6	2	0	0	0
TOTAL	**896**	**53**	**494**	**351**	**2,051**	**2,051**

Currency to be delivered corresponds to the estimated amounts of financial assets denominated in foreign currency that will be exchanged for euros.

The amount of GBP to be received corresponds to hedges of amounts related to sterling-denominated subordinated debt.

9.10.2 Foreign currency balances at 31 December 2010

	31.12.2010					
	Monetary assets		Monetary liabilities			
In € millions	Financial assets	Other assets	Insurance liabilities	Other liabilities	Currency to be received	Currency to be delivered
USD	550	44	441	0	0	918
GBP	92	9	54	0	0	479
JPY	1	0	1	0	0	0
BRL	0	0	0	0	0	0
EUR	0	0	0	0	1,397	0
Other	24	6	26	1	0	0
TOTAL	**667**	**59**	**521**	**1**	**1,397**	**1,397**

9.11 COMMITMENTS GIVEN AND RECEIVED

Under IFRS, forward financial instruments are recognised in the balance sheet.

	Commitments given	
In € millions	31.12.2011	31.12.2010
Financing commitments	23.9	19.8
Guarantees	11,085.8	5,080.0
Securities commitments	2,924.3	2,914.9

Guarantees mainly concern the guarantee that CNP Assurances gives to Crédit Immobilier de France in respect of CNP Caution's maximum exposure. In 2011, the Board of Directors approved a €6 billion increase in the guarantee given by CNP Assurances in respect of CNP Caution from €5 billion to €11 billion.

Securities commitments correspond to securities pledged to reinsurers under the terms of outward reinsurance contracts.

	Commitments received	
In € millions	31.12.2011	31.12.2010
Financing commitments	0.0	1.9
Guarantees	533.7	528.8
Securities commitments	6,955.0	5,997.1

Securities commitments correspond to securities pledged by cedants under the terms of inward reinsurance contracts.

NOTE 10 Analysis of insurance and financial liabilities

10.1 ANALYSIS OF INSURANCE AND FINANCIAL LIABILITIES

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

10.1.1 Analysis of insurance and financial liabilities at 31 December 2011

	31.12.2011		
In € millions	Before reinsurance	Net of Reinsurance	Reinsurance
Non-life technical reserves	**6,627.8**	**5,796.8**	**831.0**
■ Unearned premium reserves	376.9	362.2	14.6
■ Outstanding claims reserves	889.7	711.1	178.5
■ Bonuses and rebates (including claims equalization reserve on Group business maintained in liabilities)	74.6	72.7	1.9
■ Other technical reserves	5,286.7	4,650.7	636.0
■ Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**125,722.3**	**118,446.3**	**7,276.1**
■ Unearned premium reserves	121,003.9	113,791.9	7,212.0
■ Outstanding claims reserves	1,828.1	1,765.3	62.8
■ Policyholder surplus reserve	2,848.7	2,847.5	1.3
■ Other technical reserves	41.6	41.6	0.0
■ Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**151,602.5**	**151,598.1**	**4.4**
■ Unearned premium reserves	149,485.1	149,480.7	4.4
■ Outstanding claims reserves	2,026.9	2,026.9	0.0
■ Policyholder surplus reserve	90.5	90.5	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	**4,816.2**	**4,669.6**	**146.6**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**535.7**	**535.7**	**0.0**
TOTAL INSURANCE AND FINANCIAL LIABILITIES	**289,304.6**	**281,046.5**	**8,258.1**
Deferred participation asset	**(620.9)**	**(620.9)**	**0.0**

10.1.2 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 equalization 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	**288,154.0**	**280,707.8**	**7,446.2**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.2 CHANGE IN TECHNICAL RESERVES

This note presents changes in technical reserves by category, such as those arising from changes in the assumptions applied to measure insurance liabilities. Each change with a material impact on the consolidated financial statements is shown separately. Movements are presented before and after reinsurance.

10.2.1 Changes in mathematical reserves – life insurance

10.2.1.1 CHANGES IN MATHEMATICAL RESERVES – LIFE INSURANCE – 2011

	31.12.2011		
In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Mathematical reserves at the beginning of the period	**264,605.2**	**258,200.9**	**6,404.3**
Premiums	25,748.0	24,931.9	816.1
Extinguished liabilities (benefit payments)	(24,022.0)	(23,753.1)	(268.9)
Locked-in gains	7,845.8	7,615.7	230.1
Change in value of linked liabilities	(1,832.5)	(1,832.5)	0.0
Changes in scope (acquisitions/divestments)	19.9	(10.2)	30.1
Outstanding loadings	(1,400.6)	(1,400.6)	0.0
Surpluses/deficits	(62.2)	(62.2)	0.0
Currency effect	(491.3)	(491.3)	0.0
Changes in assumptions	0.0	8.1	(8.1)
Newly-consolidated companies: MFPrévoyance SA	22.6	22.6	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	56.0	43.2	12.8
Mathematical reserves at the end of the period	**270,489.0**	**263,272.6**	**7,216.4**

10.2.1.2 CHANGES IN MATHEMATICAL RESERVES – LIFE INSURANCE – 2010

	31.12.2010		
In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Mathematical reserves at the beginning of the period	**247,772.8**	**241,877.6**	**5,895.2**
Premiums	28,193.1	27,803.6	389.6
Extinguished liabilities (benefit payments)	(19,555.6)	(19,322.9)	(232.7)
Locked-in gains	8,220.1	7,797.8	422.3
Change in value of linked liabilities	514.9	514.9	0.0
Changes in scope (acquisitions/divestments)	11.0	(2.7)	13.7
Outstanding loadings	(1,303.4)	(1,303.4)	0.0
Surpluses/deficits	(8.1)	(8.1)	0.0
Currency effect	546.7	546.7	0.0
Changes in assumptions	(17.2)	(17.5)	0.3
Newly-consolidated companies: MFPrévoyance SA	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	230.9	315.0	(84.1)
Mathematical reserves at the end of the period	**264,605.2**	**258,200.9**	**6,404.3**

10.2.2 Changes in technical reserves – non-life insurance

10.2.2.1 CHANGES IN TECHNICAL RESERVES – NON-LIFE INSURANCE – 2011

	31.12.2011		
In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Outstanding claims reserves at the beginning of the period	**894.1**	**757.3**	**136.8**
Claims expenses for the period	896.3	908.7	(12.4)
Prior period surpluses/deficits	14.3	11.5	2.8
Total claims expenses	**910.6**	**920.2**	**(9.6)**
Current period claims settled during the period	(860.5)	(919.3)	58.8
Prior period claims settled during the period	(37.3)	(11.8)	(25.5)
Total paid claims	**(897.8)**	**(931.1)**	**33.3**
Changes in scope (acquisitions/divestments)	(38.4)	(38.4)	0.0
Translation adjustments	(24.4)	(24.4)	0.0
Newly-consolidated companies: MFPrévoyance SA	45.5	27.6	18.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**889.7**	**711.1**	**178.5**

10.2.2.2 CHANGES IN TECHNICAL RESERVES – NON-LIFE INSURANCE – 2010

	31.12.2010		
In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Outstanding claims reserves at the beginning of the period	**772.2**	**669.9**	**102.3**
Claims expenses for the period	933.3	722.5	210.8
Prior period surpluses/deficits	(3.8)	(3.8)	0.0
Total claims expenses	**929.4**	**718.7**	**210.8**
Current period claims settled during the period	(817.2)	(644.7)	(172.5)
Prior period claims settled during the period	(16.7)	(12.9)	(3.8)
Total paid claims	**(833.8)**	**(657.6)**	**(176.3)**
Changes in scope (acquisitions/divestments)	0.0	0.0	0.0
Translation adjustments	26.3	26.3	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**894.1**	**757.3**	**136.8**

10.2.3 Changes in mathematical reserves – financial instruments with DPF

10.2.3.1 CHANGES IN MATHEMATICAL RESERVES – FINANCIAL INSTRUMENTS WITH DPF – 2011

In € millions	31.12.2011 Before reinsurance	Net of reinsurance	Reinsurance
Mathematical reserves at the beginning of the period	**5,248.3**	**5,046.7**	**201.6**
Premiums	781.0	769.9	11.1
Extinguished liabilities (benefit payments)	(1,022.5)	(985.4)	(37.1)
Locked-in gains	63.9	63.9	0.0
Change in value of linked liabilities	(109.2)	(80.2)	(29.0)
Changes in scope (acquisitions/divestments)	(9.0)	(9.0)	0.0
Currency effect	(75.7)	(75.7)	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	(60.4)	(60.4)	0.0
Mathematical reserves at the end of the period	**4,816.2**	**4,669.6**	**146.6**

10.2.3.2 CHANGES IN MATHEMATICAL RESERVES – FINANCIAL INSTRUMENTS WITH DPF – 2010

In € millions	31.12.2010 Before reinsurance	Net of reinsurance	Reinsurance
Mathematical reserves at the beginning of the period	**5,937.3**	**5,695.2**	**242.1**
Premiums	1,038.0	1,023.8	14.2
Extinguished liabilities (benefit payments)	(2,074.0)	(2,001.7)	(72.3)
Locked-in gains	75.5	75.5	0.0
Change in value of linked liabilities	183.8	166.2	17.6
Changes in scope (acquisitions/divestments)	(16.5)	(16.5)	0.0
Currency effect	96.9	96.9	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	7.2	7.2	0.0
Mathematical reserves at the end of the period	**5,248.3**	**5,046.7**	**201.6**

10.3 DEFERRED PARTICIPATION (SHADOW ACCOUNTING ADJUSTMENTS)

This note breaks down the sources of deferred participation arising from the use of shadow accounting. 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 (see Note 3.13.2).

Consequently, the Group recognised a deferred participation asset of €620.9 million and a deferred participation reserve of €535.7 million for the period.

In € millions	31.12.2011			31.12.2010		
Deferred participation	**DPA**	**DPR**	**Total**	**DPA**	**DPR**	**Total**
Deferred participation on remeasurement at fair value through profit	4,151.1	7.7	4,143.4	0.0	(2,760.0)	2,760.0
Deferred participation on remeasurement at fair value recognised in equity	(3,530.2)	209.1	(3,739.3)	0.0	7,689.9	(7,689.9)
Deferred participation on adjustment of capitalisation reserve	0.0	0.0	0.0	0.0	0.0	0.0
Deferred participation on adjustment of claims equalisation reserves	0.0	319.0	(319.0)	0.0	235.9	(235.9)
TOTAL	**620.9**	**535.7**	**85.1**	**0.0**	**5,165.8**	**5,165.8**

The following table analysis year-on-year changes:

	31.12.2011		31.12.2010	
In € millions	**DPA**	**DPR**	**DPA**	**DPR**
Amount at the beginning of the period	**0.0**	**5,165.8**	**0.0**	**6,889.8**
Deferred participation on remeasurement at fair value through profit	4,151.1	2,767.7	0.0	472.9
Deferred participation on remeasurement at fair value recognised in equity	(3,530.2)	(7,480.7)	0.0	(2,146.4)
Other movements(1)	0.0	83.1	0.0	(50.4)
Effect of change in recoverability rate 2)	0.0	0.0	0.0	0.0
Deferred participation at the end of the period(3)	**620.9**	**535.8**	**0.0**	**5,165.8**

(1) Other movements mainly concern differences in entries to cancel provisions for other-than-temporary impairment under French GAAP.

(2) The Group uses recoverability testing to demonstrate that it is highly probable that the amount calculated for deferred participation assets will be recoverable out of future actual or unrealised profits. Recoverability testing uses the same methods as liability adequacy testing and the principles of Market Consistent Embedded Value (MCEV®) (see notes 3.13.2 of the Group's accounting policies).

(3) The breakdown of the deferred participation asset by country in which the Group's entities do business is as follows:.

	31.12.2011
In € millions	**DPA**
France	136.5
Italy	415.4
Portugal	57.7
Other	11.3
DEFERRED PARTICIPATION AT THE END OF THE PERIOD	**620.9**

10.4 CHANGES IN FINANCIAL LIABILITIES – LINKED LIABILITIES

The following table shows changes in financial liabilities related to linked liabilities.

10.4.1 Changes in 2011

	31.12.2011	
In € millions	Before reinsurance	Net of reinsurance
Technical reserves at the beginning of the period	**33,146.3**	**33,125.8**
(+) Entries (new contracts, transfers between contracts, replacements)	4,387.8	4,387.8
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	(1,266.4)	(1,266.4)
(-) Exits (paid benefits and expenses)	(4,175.8)	(4,175.8)
(+/-) Entries/exits related to portfolio transfers	(497.5)	(497.5)
(-) Outstanding loadings deducted	(97.8)	(97.8)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0
(+/-) Translation adjustment	(464.3)	(464.3)
(+/-) Newly-consolidated companies	0.0	0.0
Other	(74.5)	(74.5)
TECHNICAL RESERVES AT THE END OF THE PERIOD*	**30,957.8**	**30,937.3**

* *Refer to reconciliation table in note 10.4.2.*

10.4.2 Changes in 2010

	31.12.2010	
In € millions	Before reinsurance	Net of reinsurance
Technical reserves at the beginning of the period	**31,441.6**	**31,421.1**
(+) Entries (new contracts, transfers between contracts, replacements)	4,177.4	4,177.4
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	994.3	994.3
(-) Exits (paid benefits and expenses)	(3,046.7)	(3,046.7)
(+/-) Entries/exits related to portfolio transfers	(872.1)	(872.1)
(-) Outstanding loadings deducted	(94.5)	(94.5)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0
(+/-) Translation adjustment	521.1	521.1
(+/-) Newly-consolidated companies	0.0	0.0
Other	25.2	25.2
TECHNICAL RESERVES AT THE END OF THE PERIOD*	**33,146.3**	**33,125.8**

* *Not including linked liability financial instruments without DPF, accounted for in accordance with IAS 39. The table below reconciles the amounts shown.*

In € millions	31.12.2011	31.12.2010
Financial liabilities – linked liability financial instruments – balance sheet	**34,821.4**	**37,410.0**
Changes in financial liabilities – linked liabilities other than IAS 39	30,957.8	33,146.3
Changes in financial liabilities – linked liabilities – IAS 39	3,863.6	4,263.7
VARIANCE	**0.0**	**0.0**

10.5 CREDIT RISK ON REINSURED BUSINESS

The purpose of this note is to provide an analysis of credit risk related to outward reinsurance contracts by reinsurer, for CNP France and the main subsidiaries in the Group:

a) excess-of-loss contracts have been placed with reinsurers who are rated between A- and AAA;

b) for quota-share treaties where the asset is not held by CNP Assurances, the breakdown of ceded insurance liabilities by reinsurer is as follows.

10.5.1 Credit risk on reinsured business at 31 December 2011

31.12.2011	Credit rating	Ceded technical reserves	
In € millions		Amount	%
First reinsurer	AA-	3,311.1	40.1%
Second reinsurer	A-	2,165.0	26.2%
Third reinsurer	AA-	1,085.2	13.1%
Fourth reinsurer	A	555.3	6.7%
Other reinsurers	-	1,141.6	13.8%
TOTAL		**8,258.1**	

10.5.2 Credit risk on reinsured business at 31 December 2010

31.12.2010	Credit rating	Ceded technical reserves	
In € millions		Amount	%
First reinsurer	AA-	3,066.0	41.2%
Second reinsurer	A-	2,129.1	28.6%
Third reinsurer	AA-	1,062.9	14.3%
Fourth reinsurer	AA-	494.3	6.6%
Other reinsurers	-	693.9	9.3%
TOTAL		**7,446.2**	

NOTE 11 Subordinated debt

Subordinated debt is measured at amortised cost.

11.1 SUBORDINATED DEBT AT 31 DECEMBER 2011

					31.12.2011							
In € millions	Issuance date	Interest rate	Foreign currency amount	Currency	Amount in euros	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value*
Subordinated notes					**2,506.2**	**14.0**	**0.0**	**0.0**	**1,559.2**	**750.0**	**183.0**	**1,697.9**
CNP Assurances	Apr. 2011	6.875% until Sept. 2021, then 12-month Euribor +440 bps		€	700.0				700.0			449.9
CNP Assurances	Apr. 2011	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	300	GBP	359.2				359.2			267.6
CNP UniCredit Vita	Jun. 2009	6-month Euribor +3.25%		€	14.0	14.0						12.3
CNP Assurances	Sep. 2010	6.00% (Actual/Actual) until 2020, then 3-month Euribor (Actual/360) +447.2 bps		€	750.0					750.0		473.2
CNP Assurances	Nov. 2004	3-month Euribor +0.70% until 2016		€	93.0						93.0	44.7
CNP Assurances	Nov. 2004	4.93% until 2016 then Euribor +1.6% from 15.11.16		€	90.0						90.0	43.7
CNP Assurances	Jun. 2003	4.7825% until 2013 then Euribor +2% from 24.06.13		€	200.0				200.0			181.8
CNP Assurances	May 2003	5.25% until May 2013, then 3-month Euribor +200 bps		€	300.0				300.0			224.6
Perpetual subordinated notes					**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**34.5**
CNP UniCredit Vita	Oct. 2003	6-month Euribor 1.5%		€	45.0						45.0	34.5
TOTAL					**2,551.2**	**14.0**	**0.0**	**0.0**	**1,559.2**	**750.0**	**228.0**	**1,732.4**

* *The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit instead of at amortised cost, the impact would have been €730.4 million at 31 December 2011. The fair values of unit-linked liabilities are presented in Note 10.4. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work underway in connection with IFRS 4, Phase 2, regarding the fair value of these instruments.*

Subordinated debt is not subject to financial covenants.

11.2 SUBORDINATED DEBT AT 31 DECEMBER 2010

In € millions	Issuance date	Interest rate	Currency	Amounts	31.12.2010 Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15years	Due beyond 15 years	Undated	Fair value*
Subordinated notes				**2,197.0**	**0.0**	**14.0**	**0.0**	**1,250.0**	**750.0**	**183.0**	**2,116.5**
CNP Assurances	Sep. 2010	6.00% (Actual/Actual) until 2020, then 3-month Euribor (Actual/360) +447.2 bps	€	750.0					750.0		709.5
CNP UniCredit Vita	Jun. 2009	6-month Euribor 3.25%	€	14.0		14.0					14.3
CNP Assurances	Nov. 2004	3-month Euribor +0.70% until 2016	€	93.0						93.0	74.5
CNP Assurances	Nov. 2004	4.93% until 2016 then Euribor +1.6% from 15.11.16	€	90.0						90.0	72.9
CNP Assurances	Jun. 2003	4.7825% until 2013 then Euribor +2% from 24.06.13	€	200.0				200.0			198.9
CNP Assurances	Apr. 2003	5.25% until 2013 then Euribor +2% from 11.07.13	€	300.0				300.0			301.5
CNP Assurances	Apr. 2001	5.75% until 2011 then Euribor +1.57% from 11.07.11	€	150.0				150.0			149.0
	May 2001		€	50.0				50.0			49.7
	Jul. 2001		€	50.0				50.0			49.7
	Dec. 2001		€	150.0				150.0			149.0
	Feb. 2002		€	100.0				100.0			99.3
	Apr. 2002		€	250.0				250.0			248.3
Perpetual subordinated notes				**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**42.2**
CNP UniCredit Vita	Oct. 2003	6-month Euribor +1.5%	€	45.0						45.0	42.2
TOTAL				**2,242.0**	**0.0**	**14.0**	**0.0**	**1,250.0**	**750.0**	**228.0**	**2,158.7**

* *The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit instead of at amortised cost, the impact would have been a negative amount of €9.4 million at 31 December 2010. The fair values of unit-linked liabilities are presented in Note 10.4. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work underway in connection with IFRS 4, Phase 2, regarding the fair value of these instruments.*

NOTE 12 Insurance and reinsurance receivables

12.1 INSURANCE AND REINSURANCE RECEIVABLES

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

In € millions	31.12.2011	31.12.2010
Earned premiums not yet written	2,273.9	2,208.1
Other insurance receivables	534.8	969.3
Reinsurance receivables	87.9	78.7
TOTAL	**2,896.7**	**3,256.1**
Doubtful receivables	3.4	3.1

ANALYSIS BY MATURITY

In € millions	31.12.2011		
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Earned premiums not yet written	2,273.9	0.0	0.0
Other insurance receivables	511.8	19.2	3.9
Reinsurance receivables	87.8	0.0	0.1
TOTAL	**2,873.5**	**19.2**	**4.0**

In € millions	31.12.2010		
	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Earned premiums not yet written	2,197.8	10.3	0.0
Other insurance receivables	939.9	29.4	0.0
Reinsurance receivables	78.6	0.1	0.0
TOTAL	**3,216.3**	**39.8**	**0.0**

12.2 OTHER RECEIVABLES

In € millions	31.12.2011	31.12.2010
Employee advances	1.7	1.0
Receivables due from government and social security bodies	932.7	547.7
Sundry receivables	2,384.3	1,234.1
TOTAL	**3,318.7**	**1,782.8**

NOTE 13 Deferred taxes

This note presents total deferred tax assets and liabilities by type of temporary difference.

Sources of temporary differences *In € millions*	31.12.2011		
	Assets	Liabilities	Net
Goodwill	30.5	(4.3)	26.2
Value of business In-Force		(28.7)	(28.7)
Other intangible assets		(35.3)	(35.3)
Investment property		(73.9)	(73.9)
Financial assets	316.4	(489.0)	(172.6)
Investments in associates	32.2	(25.7)	6.5
Reinsurers' share of insurance and financial liabilities	1.1		1.1
Owner-occupied property and other property and equipment		(1.0)	(1.0)
Deferred acquisition costs			0.0
Other assets	113.9		113.9
Capitalisation reserve			0.0
Subordinated debt		(8.4)	(8.4)
Provisions	125.5		125.5
Financing liabilities			0.0
Insurance and financial liabilities		(4.1)	(4.1)
Deferred participation asset/reserve	357.9	(470.1)	(112.2)
Other liabilities		(52.0)	(52.0)
Credit from tax loss carryforwards	172.5		172.5
Asset-liability netting	(905.9)	905.9	0.0
NET DEFERRED TAX ASSET OR LIABILITY	**244.1**	**(286.6)**	**(42.5)**

Sources of temporary differences *In € millions*	31.12.2010 Assets	Liabilities	Net
Goodwill	35.2	(4.1)	31.1
Value of business In-Force		(79.3)	(79.3)
Other intangible assets			0.0
Investment property		(53.6)	(53.6)
Financial assets	15.9	(2,189.2)	(2,173.3)
Investments in associates			0.0
Reinsurers' share of insurance and financial liabilities	6.1		6.1
Owner-occupied property and other property and equipment		(1.0)	(1.0)
Deferred acquisition costs			0.0
Other assets	170.4		170.4
Capitalisation reserve			0.0
Subordinated debt		(5.2)	(5.2)
Provisions	102.4		102.4
Financing liabilities			0.0
Insurance and financial liabilities			0.0
Deferred participation asset/reserve	1,700.4	(9.1)	1,691.3
Other liabilities		(4.2)	(4.2)
Credit from tax loss carryforwards			0.0
Asset-liability netting	(1,831.8)	1,831.8	0.0
NET DEFERRED TAX ASSET OR LIABILITY	**198.6**	**(513.9)**	**(315.3)**

NOTE 14 Provisions

This note analyses provisions for claims and litigation and other provisions.

14.1 PROVISIONS – 2011

In € millions	Provisions for claims and litigation	Other provisions	Total
Carrying amount at 1 January 2011	**58.0**	**130.2**	**188.2**
New provisions set up during the period and increases in existing provisions	67.4	77.5	144.9
Amounts utilised during the year	(0.2)	(46.2)	(46.4)
Surplus provisions released during the period	(55.5)	(42.7)	(98.2)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	(3.8)	(3.8)	(7.6)
Changes in scope of consolidation	0.0	0.0	0.0
Reclassifications	0.0	(6.5)	(6.5)
Carrying amount at 31 December 2011	**65.9**	**108.5**	**174.4**

14.2 PROVISIONS – 2010

In € millions	Provisions for claims and litigation	Other provisions	Total
Carrying amount at 1 January 2010	**32.8**	**111.0**	**143.8**
New provisions set up during the period and increases in existing provisions	55.8	64.2	120.0
Amounts utilised during the year	0.0	(19.7)	(19.7)
Surplus provisions released during the period	(34.5)	(29.4)	(63.9)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	3.8	4.1	7.9
Changes in scope of consolidation	0.0	0.0	0.0
Reclassifications	0.1	0.0	0.1
Carrying amount at 31 December 2010	**58.0**	**130.2**	**188.2**

NOTE 15 Liabilities arising from insurance and reinsurance transactions

15.1 LIABILITIES ARISING FROM INSURANCE AND REINSURANCE TRANSACTIONS

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

In € millions	31.12.2011	31.12.2010
Cash deposits received from reinsurers	240.6	210.1
Liabilities arising from insurance transactions	1,081.8	1,278.2
Liabilities arising from reinsurance transactions	450.1	443.8
Deferred acquisition costs	9.7	11.4
TOTAL	**1,782.2**	**1,943.6**

ANALYSIS BY MATURITY

	31.12.2011		
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	90.6	150.1	0.0
Liabilities arising from insurance transactions	1,081.7	0.0	0.0
Liabilities arising from reinsurance transactions	447.6	2.5	0.0
Deferred acquisition costs	9.7	0.0	0.0
TOTAL	**1,629.6**	**152.6**	**0.0**

	31.12.2010		
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	0.7	209.4	0.0
Liabilities arising from insurance transactions	1,278.2	0.0	0.0
Liabilities arising from reinsurance transactions	443.8	0.0	0.0
Deferred acquisition costs	11.4	0.0	0.0
TOTAL	**1,734.1**	**209.4**	**0.0**

15.2 OTHER LIABILITIES

In € millions	31.12.2011	31.12.2010
Employee advances	264.3	259.4
Accrued payroll and other taxes	1,141.7	711.1
Sundry payables	3,040.2	2,489.8
TOTAL	**4,446.2**	**3,460.2**

15.3 EMPLOYEE BENEFITS – IAS 19

15.3.1 Main assumptions

DISCOUNT RATE

At 31 December 2011, the discount rate corresponds to the yield on investment-grade corporate bonds (rated AA) with maturities that match the duration of the benefit obligation in accordance with IAS 19. Until 31 December 2010, defined benefit plan obligations in France were discounted to present value based on the French government bond (OAT) rate. This change did not have a material impact on measurement of obligations.

		Discount rate		
Plan	**Duration (years)**	**France**	**Cyprus**	**Italy**
Retirement benefits	15	4.50%		
Jubilees	8	3.60%		
Other plans: Cyprus	20		4.8%	
Other plans: Italy	19			4.7%
Expected future salary increases		3%	5.8%	3%
Inflation		Incl. in salary increases	2.8%	2%
Expected return on plan assets		n/a	4.8%	n/a

MORTALITY TABLE

The Group based its calculations on prospective mortality tables by generation, particularly table TGH05-TGF05 for obligations in France.

15.3.2 Recognised benefit obligations

In € millions	**31.12.2011** Post-employment plans	**31.12.2010** Post-employment plans
Projected benefit obligation	132.4	120.8
Fair value of plan assets	(8.6)	(7.6)
Projected benefit obligation net of plan assets	**123.8**	**113.2**
Unrecognised past service cost	(6.5)	(9.3)
Liability recognised in the balance sheet – defined benefit plans	**117.3**	**103.9**
Liability recognised in the balance sheet – defined contribution plans	39.8	34.3
Total liability recognised in the balance sheet for pension and other post-employment benefit plans	**155.6**	**136.1**
Other long-term benefit obligations	15.7	18.8
Of which length-of-service and jubilee awards	*15.7*	*18.8*
Total liability recognised in the balance sheet for long-term benefit obligations*	**171.3**	**154.9**

* *Benefit obligations are mainly carried on the books of the French (€150.1 million), Cypriot (€20.3 million) and Italian entities (€0.9 million).*

15.3.3 Analysis of cost of benefit obligations

	31.12.2011 Post-employment plans	31.12.2010 Post-employment plans
Current service cost (net of employee contributions)	**7.1**	**8.7**
Interest cost	3.5	3.7
Expected return on plan assets for the period	0.0	(0.1)
Curtailments and settlements	0.0	0.0
Amortisation of past service cost	2.8	2.8
Post-employment benefit expense – defined benefit plans	**13.4**	**15.0**
Post-employment benefit expense – defined contribution plans	22.8	17.6
TOTAL POST-EMPLOYMENT BENEFIT EXPENSE	**36.2**	**32.6**

15.3.4 Reconciliation of the amounts recorded in the balance sheet for defined benefit plans

In € millions	31.12.2011 Post-employment plans	31.12.2010 Post-employment plans
At 1 January (1)	**103.9**	**80.5**
Effect of changes in exchange rates (2)	0.0	0.0
Post-employment benefit expense (3)	13.4	15.0
Employer's contributions (4)	0.0	(0.2)
Benefits paid (5)	(9.1)	(3.0)
Actuarial gains and losses recognised in SoRIE (6)	9.0	10.8
Actuarial gains and losses recognised through profit	0.0	0.0
Changes in scope of consolidation (7)	0.1	0.9
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0
AT 31 DECEMBER	**117.3**	**103.9**

(1) Net plan assets/(liabilities) carried in the balance sheet at 1 January for defined benefit plans.
(2) Translation differences on the recognition of Brazilian pension obligations.
(3) Pension (charges)/revenue arising from defined benefit plans (see point (7) in the previous table).
(4) Management fees paid on plan assets.
(5) Fees paid by the Group (or rebilled by Caisse des Dépôts).
(6) Actuarial gains and losses recognised immediately in equity in line with Group accounting policies.
(7) Increase/(decrease) in interest held in ICDC or other businesses.

15.3.5 Change in actuarial gains

In € millions	31.12.2011 Post-employment plans	31.12.2010 Post-employment plans
Actuarial gains and losses recognised in equity at the beginning of the period	**26.8**	**16.0**
Actuarial gains and losses on employee benefits recognised in the balance sheet	9.0	10.8
Actuarial gains and losses recognised in equity at the end of the period	**35.7**	**26.8**

NOTE 16 Revenue

Revenue comprises:

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

16.1 EARNED PREMIUMS AND REVENUE FROM OTHER ACTIVITIES

In € millions **Business segment and contract type**	31.12.2011	31.12.2010
Insurance contracts	**22,751.8**	**23,079.9**
Life	**20,013.2**	**20,375.9**
Pure premiums	18,746.3	19,076.5
Loadings	1,266.9	1,299.4
Non-life	**2,738.6**	**2,704.0**
Pure premiums	2,022.1	1,938.4
Loadings	716.6	765.6
Financial instruments with DPF	**7,167.2**	**9,160.7**
Pure premiums	7,056.2	9,019.9
Loadings	111.0	140.8
Earned premiums	**29,918.9**	**32,240.6**

In € millions **Revenue from other activities**	31.12.2011	31.12.2010
Financial instruments without DPF	**117.7**	**75.1**
Loadings	117.7	75.1
On premiums	86.2	74.5
On outstandings	31.5	0.7
Services (IAS 18)	**105.4**	**116.1**
Other activities	**1.7**	**7.9**
TOTAL	**224.8**	**199.0**

16.2 RECONCILIATION TO REPORTED REVENUE

In € millions	31.12.2011	31.12.2010
Earned premiums	29,918.9	32,240.6
Loadings on premiums on financial instruments without DPF (IAS 39)	86.2	74.5
TOTAL	**30,005.1**	**32,315.1**

16.3 REVENUE BY DISTRIBUTION PARTNERS

In € millions	31.12.2011	31.12.2010
La Banque Postale	10,183.1	10,613.1
Caisses d'Epargne	8,807.8	10,548.3
CNP Trésor	669.6	733.4
Financial institutions	1,448.3	1,521.8
Companies and local authorities	1,696.6	1,730.5
Mutual insurance societies	974.4	844.5
Foreign subsidiaries	6,141.0	6,185.9
Other	84.2	137.6
TOTAL REVENUE	**30,005.1**	**32,315.1**

16.4 REVENUE BY BUSINESS SEGMENT

In € millions	31.12.2011	31.12.2010
Savings	**20,420.0**	**23,587.3**
Pensions	**3,720.4**	**3,160.5**
Personal risk	1,917.5	1,727.7
Loan insurance	3,140.9	3,024.5
Health insurance	465.8	480.3
Property & Casualty	340.5	334.8
Sub-total personal risk and other	**5,864.7**	**5,567.3**
Other business segments	**0.0**	**0.0**
TOTAL REVENUE	**30,005.1**	**32,315.1**

16.5 REVENUE BY COMPANY

In € millions	31.12.2011	31.12.2010
CNP Assurances	21,153.0	23,660.2
CNP IAM	2,034.7	2,189.1
Préviposte	221.6	240.9
ITV	38.7	34.9
CNP International	0.0	0.0
La Banque Postale Prévoyance	170.5	177.7
MFPrévoyance SA	331.9	n/a
CNP Seguros de Vida	31.7	17.1
CAIXA Seguros	2,764.2	2,445.8
CNP UniCredit Vita	1,698.8	2,472.9
CNP Vida	172.6	242.0
Marfin Insurance Holdings Ltd	210.4	202.9
CNP Europe Life	449.9	23.4
Barclays Vida y Pensiones	727.1	608.2
TOTAL REVENUE	**30,005.1**	**32,315.1**

16.6 REVENUE BY COUNTRY

In € millions	Under IFRS 31.12.2011	Under IFRS Year-on-year change	Under French GAAP 31.12.2011	Under French GAAP Year-on-year change
France	23,864.0	(8.7%)	23,965.0	(9.1%)
Italy	2,062.3	(22.5%)	2,346.0	(20.9%)
Portugal	224.0	2.8%	297.2	(16.3%)
Brazil	2,764.2	13.0%	3,177.0	12.9%
Argentina	31.7	84.8%	31.7	84.8%
Spain	397.6	(32.0%)	397.6	(32.0%)
Cyprus	210.4	3.7%	220.5	7.9%
Ireland	449.9	1,821.2%	449.9	1,821.2%
Other	1.0	(97.2%)	1.0	(97.2%)
TOTAL REVENUE	**30,005.1**	**(7.2%)**	**30,886.0**	**(7.4%)**

16.7 DIRECT AND INWARD REINSURANCE PREMIUMS

In € millions	31.12.2011	31.12.2010
Insurance premiums	29,140.6	31,446.9
Inward reinsurance premiums	864.5	868.2
TOTAL REVENUE	**30,005.1**	**32,315.1**

NOTE 17 Claims and benefit expenses

This note shows assets, liabilities, income and expenses generated by insurance contracts.

In € millions

IFRS 4 and IAS 39 insurance contracts and financial instruments with DPF	31.12.2011	31.12.2010
Incurred claims	8,292.5	7,300.7
Endowments due	1,455.4	594.3
Benefits due	2,146.6	2,137.5
Surrenders	13,896.9	10,921.3
Credited interest and policyholder dividends included in paid benefits	(33.3)	(24.1)
Benefit and claim handling expenses	126.5	108.7
Claims and benefits	**25,884.6**	**21,038.4**
Change in technical reserves – insurance contracts	5,324.8	10,620.0
Change in technical reserves – financial instruments with DPF	(6,926.0)	(2,618.7)
Change in other technical reserves	30.7	405.9
Change in technical reserves	**(1,570.5)**	**8,407.2**
Credited interest	1,886.7	1,935.0
Policyholder dividends	4,860.7	7,827.0
Credited interest and policyholder dividends	**6,747.4**	**9,762.0**
Claims and benefits expenses	**31,061.5**	**39,207.6**

NOTE 18 Administrative expenses and business acquisition costs

18.1 EXPENSES ANALYSED BY FUNCTION

In € millions	31.12.2011	31.12.2010
Commissions	(2,934.4)	(2,938.4)
Expenses analysed by function	(210.7)	(223.7)
Business acquisition costs	**(3,145.1)**	**(3,162.1)**
Contract administration expenses	**(204.5)**	**(373.2)**
Other underwriting income and expenses	(298.3)	76.6
Other income and expenses	2.7	(81.1)
Employee profit-sharing	(14.6)	(13.8)
Other recurring operating income and expense, net	**(310.2)**	**(18.3)**
TOTAL	**(3,659.8)**	**(3,553.6)**

In March 2011, a new matrix-based cost allocation model rebalanced "other underwriting" expenses, bringing their weighting as a proportion of total expenditure to 7%.

18.2 EXPENSES ANALYSED BY NATURE

In € millions	31.12.2011	31.12.2010
Depreciation and amortisation expense and impairment losses	30.5	32.5
Employee benefits expense	392.0	380.5
Taxes other than on income	124.5	117.6
Other	391.3	393.8
TOTAL	**938.3**	**924.4**

18.3 ADMINISTRATIVE EXPENSES, NET

In € millions	31.12.2011	31.12.2010
Contract administration costs, net*		
▪ Excluding foreign subsidiaries	571.3	577.5
▪ Including foreign subsidiaries and other businesses	885.9	874.0
Ratio*		
Contract administration costs / *Technical reserves***		
▪ Excluding foreign subsidiaries and other businesses	0.22%	0.22%
▪ Including foreign subsidiaries and other businesses	0.31%	0.31%
* *Excluding CNP Trésor set-up expenses.*	*36.4*	*36.4*

** *Insurance and financial liabilities, excluding deferred participation.*

18.4 ANALYSIS OF COMMISSION EXPENSE

In € millions	31.12.2011	31.12.2010
Caisses d'Epargne	857.4	764.2
La Banque Postale	580.0	527.6
Other	1,497.1	1,646.6
TOTAL	**2,934.4**	**2,938.4**

NOTE 19 Reinsurance result

In € millions	31.12.2011	31.12.2010
Ceded premiums	(1,306.5)	(857.4)
Change in ceded technical reserves	1,355.6	978.7
Reinsurance commissions received	189.1	253.8
Investment income	(237.0)	(415.1)
TOTAL	**1.2**	**(39.9)**

NOTE 20 Investment income

20.1 INVESTMENT INCOME AND EXPENSE

This note discloses the main income, expenses, profits and losses generated by financial assets and liabilities that have been recognised in profit or loss or directly in equity for 2011 and 2010.

In € millions		31.12.2011	31.12.2010
Available-for-sale financial assets	Interest on loans	8,550.0	8,080.8
	Income from other financial assets	1,297.1	955.5
	Capital gains and losses on disposals	1,079.9	488.2
	Impairment	(2,746.3)	(211.9)
	Net income from available-for-sale financial assets	**8,180.8**	**9,312.5**
Held-to-maturity investments	Interest on loans	102.9	112.7
	Other income	4.7	1.5
	Impairment	4.5	4.0
	Net income from held-to-maturity investments	**112.1**	**118.2**
Loans and receivables	Interest on loans	57.9	13.7
	Other income	0.0	0.0
	Impairment	0.0	0.0
	Net income from loans and receivables	**57.9**	**13.7**
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	(1,277.2)	2,576.3
	Profit (loss) on derivative instruments held for trading and hedging	(526.7)	(215.1)
	Capital gains and losses on disposals	(30.3)	109.8
	Net income (expense) from financial assets at fair value through profit or loss	**(1,834.1)**	**2,471.0**
Investment property	Rent and other revenue	193.3	239.5
	Fair value adjustments	26.9	24.6
	Capital gains and losses on disposals	43.1	42.5
	Net income from investment property	**263.3**	**306.6**
Other investment expenses		**(347.6)**	**(398.7)**
Dilution gain		**0.0**	**0.0**
TOTAL INVESTMENT INCOME		**6,432.3**	**11,823.3**
Interest on subordinated debt at amortised cost		(149.9)	(95.0)
Interest on subordinated debt at fair value		0.0	0.0
Total finance costs		**(149.9)**	**(95.0)**
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		**6,282.3**	**11,728.2**

RECONCILIATION OF INVESTMENT INCOME AND EXPENSES TO THE AMOUNTS REPORTED IN THE INCOME STATEMENT

In € millions	31.12.2011	31.12.2010
Investment income before finance costs	6,908.6	12,348.1
Investment and other financial expenses, excluding finance costs	(476.3)	(524.9)
Finance costs	(149.9)	(95.0)
TOTAL	**6,282.3**	**11,728.2**

20.2 FAIR VALUE ADJUSTMENTS TO ASSETS

The following tables show fair value adjustments to assets in 2011 and 2010.

20.2.1 Fair value adjustments to assets – 2011

In € millions		Investments held at 31.12.2011	Investments held at 31.12.2010	Movements in 2011
Assets at fair value through profit or loss	Fixed-rate bonds	10,766.1	17,931.5	(7,165.3)
	Variable-rate bonds	16,224.6	9,592.8	6,631.9
	TCNs (money market securities)	395.5	191.3	204.3
	Equities	4,944.7	6,574.1	(1,629.4)
	Mutual fund units	26,676.4	28,276.7	(1,600.4)
	Shares in non-trading property companies	1,396.1	1,465.8	(69.7)
	Other (including lent securities and repos)	1.4	0.9	0.5
	Total	**60,404.9**	**64,033.1**	**(3,628.2)**
Derivative instruments	Derivative instruments (positive fair value)	3,583.3	3,012.8	570.5
	Derivative instruments (negative fair value)	(3,179.2)	(2,356.2)	(822.9)
	Total	**404.1**	**656.5**	**(252.4)**
Available-for-sale financial assets	Fixed-rate bonds	152,023.9	177,743.9	(25,720.0)
	Variable-rate bonds	25,636.6	7,830.3	17,806.3
	TCNs (money market securities)	15,370.0	7,963.2	7,406.8
	Equities	13,392.9	17,269.4	(3,876.4)
	Mutual fund units	14,225.1	10,172.0	4,053.1
	Shares in non-trading property companies	3,713.9	3,140.5	573.4
	Non-voting loan stock	62.2	66.9	(4.7)
	Other (including lent securities and repos)	7,284.3	6,086.1	1,198.2
	Total	**231,708.9**	**230,272.2**	**1,436.7**
Held-to-maturity investments	Fixed-rate bonds	1,031.9	1,237.3	(205.4)
	Total	**1,031.9**	**1,237.3**	**(205.4)**
Loans and receivables	Loans and receivables	4,437.6	3,959.4	478.1
	Total	**4,437.6**	**3,959.4**	**478.1**
Investment property	Investment property at amortised cost	2,319.0	1,769.3	549.7
	Investment property at fair value	511.5	485.3	26.2
	Total	**2,830.5**	**2,254.6**	**575.9**
TOTAL		**300,818.0**	**302,413.2**	**(1,595.2)**

20.2.2 Fair value adjustments to assets – 2010

In € millions		Investments held at 31.12.2010	Investments held at 31.12.2009	Movements in 2010
Assets at fair value through profit or loss	Fixed-rate bonds	17,931.5	16,810.5	1,121.0
	Variable-rate bonds	9,592.8	10,286.9	(694.1)
	TCNs (money market securities)	191.3	303.0	(111.7)
	Equities	6,574.1	6,351.8	222.3
	Mutual fund units	28,276.7	27,420.5	856.2
	Shares in non-trading property companies	1,465.8	1,458.3	7.5
	Other (including lent securities and repos)	0.9	0.5	0.4
	Total	**64,033.1**	**62,631.5**	**1,401.6**
Derivative instruments	Derivative instruments (positive fair value)	3,012.8	2,661.0	351.8
	Derivative instruments (negative fair value)	(2,356.2)	(1,970.7)	(385.5)
	Total	**656.5**	**690.3**	**(33.8)**
Available-for-sale financial assets	Fixed-rate bonds	177,743.9	162,705.8	15,038.1
	Variable-rate bonds	7,830.3	7,729.0	101.3
	TCNs (money market securities)	7,963.2	6,388.6	1,574.6
	Equities	17,269.4	16,220.2	1,049.2
	Mutual fund units	10,172.0	14,314.9	(4,142.9)
	Shares in non-trading property companies	3,140.5	3,783.6	(643.1)
	Non-voting loan stock	66.9	63.9	3.0
	Other (including lent securities and repos)	6,086.1	5,633.0	453.1
	Total	**230,272.2**	**216,839.2**	**13,433.2**
Held-to-maturity investments	Fixed-rate bonds	1,237.3	1,222.9	14.4
	Total	**1,237.3**	**1,222.9**	**14.4**
Loans and receivables	Loans and receivables	3,959.4	2,451.6	1,507.8
	Total	**3,959.4**	**2,451.6**	**1,507.8**
Investment property	Investment property at amortised cost	1,769.3	1,769.2	0.1
	Investment property at fair value	485.3	466.1	19.2
	Total	**2,254.6**	**2,235.4**	**19.2**
TOTAL		**302,413.2**	**286,070.9**	**16,342.3**

20.2.3 Reconciliation of fair value adjustments to the amounts reported in the "Investments" note

In € millions	31.12.2011	31.12.2010
Fair value of investments	300,818.0	302,413.2
Unrealised gains and losses, net	(1,094.2)	(1,001.9)
Carrying amount of investments	299,723.8	301,411.3

20.3 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	31.12.2011	31.12.2010
Available-for-sale financial assets	**(3,085.3)**	**(382.7)**
Fixed-rate bonds	(1,353.2)	(21.2)
Variable-rate bonds	(49.9)	0.0
TCNs (money market securities)	0.0	0.0
Equities	(1,567.7)	(168.5)
Equity funds	(32.3)	(33.0)
Non-voting loan stock	(0.1)	(0.4)
Other (including mutual fund units)	(82.1)	(159.6)
Held-to-maturity investments	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**
Total impairment expense	**(3,085.3)**	**(382.7)**
Available-for-sale financial assets	**339.0**	**170.7**
Fixed-rate bonds	145.6	43.1
Variable-rate bonds	45.8	0.0
TCNs (money market securities)	0.0	0.0
Equities	65.5	55.6
Equity funds	31.6	52.1
Non-voting loan stock	(0.1)	0.0
Other (including mutual fund units)	50.6	19.9
Held-to-maturity investments	**4.5**	**4.0**
Loans and receivables	**0.0**	**0.0**
Total impairment reversals	**343.5**	**174.8**
NET CHANGE IN IMPAIRMENT PROVISIONS	**(2,741.8)**	**(207.9)**

Impairment of fixed-rate bonds includes the €1.3 billion write-down taken on Greek bonds in 2011 (see Note 9.9.1).

Impairment of equities in 2011 includes impairment of GDF Suez shares as well as significant additional provisions taken against Société Générale, Dexia, UniCredit, Veolia Environnement, Carrefour, EDF and Nokia shares.

NOTE 21 Income tax expense

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

In € millions	31.12.2011	31.12.2010
Current tax	545.4	578.6
Deferred tax	(80.5)	(555.8)
INCOME TAX EXPENSE	**465.0**	**22.8**

In € millions	31.12.2011	31.12.2010
Profit for the period	1,141.0	1,288.1
Tax rate	28.95%	1.74%
INCOME TAX EXPENSE	**465.0**	**22.8**

Tax proof *In € millions*	31.12.2011		31.12.2010	
	Rate	Amounts	Rate	Amounts
Profit before tax		1,606.0		1,310.9
Income tax at the standard French tax rate	36.10%	579.8	34.43%	451.4
Permanent differences	(3.09%)	(49.6)	(45.90%)	(601.8)
Capital gains and losses taxed at reduced rate	(2.55%)	(41.0)	6.31%	82.7
Tax credits and tax loss carryforwards used	0.02%	0.3	(0.05%)	(0.7)
Effects of differences in foreign tax rates*	(2.02%)	(32.4)	0.00%	0.0
Other	0.50%	8.0	6.96%	91.2
TOTAL	**28.95%**	**465.0**	**1.74%**	**22.8**

* *Including €22.9 million for the 5% income tax surcharge voted by the French parliament in December 2011 (raising the theoretical tax rate from 34.43% to 36.10%).*

Deferred taxes on: *In € millions*	31.12.2011	31.12.2010
Fair value adjustments to financial assets held for trading	(449.2)	299.4
Deferred participation asset/reserve	403.3	(275.5)
Fair value adjustments to other financial assets	53.4	90.1
Shadow accounting adjustments to items recognised directly in equity	0.0	0.0
Revaluations of owner-occupied property reclassified as investment property	0.0	0.0
Timing differences	0.0	0.0
Other	(88.0)	(669.8)
TOTAL	**(80.5)**	**(555.8)**

NOTE 22 Financial risks

22.1 CREDIT RISK

The Group's credit risk policies are presented in section 2 of this Registration Document in Corporate governance and internal control (Note 2.5.5 Coverage of commitments).

Note 9.8 to the consolidated financial statements analyses the Group's bond portfolio by issuer rating.

22.2 CURRENCY RISK

Most portfolios covering insured liabilities are invested in assets denominated in their own functional currency. As a result, portfolio exposure to currency risks is very limited. Less than 1% of the investments of the French companies in the Group are denominated in currencies other than the euro.

The Group performs currency stress testing to assess the impact on profit and equity of fluctuations of +10% in the euro/dollar and euro/sterling exchange rates as most of its currency exposure is on monetary assets and liabilities denominated in dollars or sterling.

CURRENCY RISK SENSITIVITY ANALYSIS AT 31 DECEMBER 2011

In € millions	+10% increase in €/$ exchange rates	+10% increase in €/£ exchange rates*
Impact on earnings	(30.1)	(5.1)
Impact on equity	(9.7)	(0.8)

* *The sterling-denominated subordinated debt was not included in the sensitivity analysis because the Group has set up a currency hedge for this debt that qualifies for cash flow hedge accounting.*

CURRENCY RISK SENSITIVITY ANALYSIS AT 31 DECEMBER 2010

In € millions	+10% increase in €/$ exchange rates	+10% increase in €/£ exchange rates
Impact on earnings	(9.0)	(4.5)
Impact on equity	(6.3)	(0.3)

22.3 INTEREST RATE RISK ON FINANCIAL ASSETS

This note provides additional information about the Group's exposure to interest rate risk on financial assets and liabilities, by category.

22.3.1 Caps and floors

The following tables show the nominal amount of caps and floors by strike price and remaining term at 31 December 2011 and 31 December 2010.

22.3.1.1 CAPS AND FLOORS AT 31 DECEMBER 2011

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	≥ 10 years	Total
≥ 4% <5%	2,405	5,164	2,655	3,420	3,588	3,092	7,043	3,744	1,367	1,884	**34,361**
≥ 5% <6%	1,415	1,310	1,450	4,542	3,590	3,509	2,310	880	300	4,060	**23,366**
≥ 6% <7%	1,115	400	0	0	0	0	0	0	0	0	**1,515**
≥ 7% <8%	0	0	0	0	0	0	0	0	0	0	**0**
≥ 8% <9%	0	0	0	0	0	0	0	0	0	6	**6**
≥ 9% <10%	0	0	0	0	0	0	0	0	0	0	**0**
TOTAL	**4,935**	**6,874**	**4,105**	**7,962**	**7,178**	**6,601**	**9,353**	**4,624**	**1,667**	**5,950**	**59,247**

22.3.1.2 CAPS AND FLOORS AT 31 DECEMBER 2010

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	≥ 10 years	Total
≥ 4% <5%	550	2,405	5,160	2,659	3,420	3,588	3,092	4,293	3,740	2,757	**31,664**
≥ 5% <6%	1,895	1,415	1,310	1,450	4,542	3,590	3,509	2,310	880	600	**21,501**
≥ 6% <7%	810	1,115	400	0	0	0	0	0	0	0	**2,325**
≥ 7% <8%	0	0	0	0	0	0	0	0	0	0	**0**
≥ 8% <9%	0	0	0	0	0	0	0	0	0	5	**5**
≥ 9% <10%	0	0	0	0	0	0	0	0	0	0	**0**
TOTAL	**3,255**	**4,935**	**6,870**	**4,109**	**7,962**	**7,178**	**6,601**	**6,603**	**4,620**	**3,363**	**55,495**

22.3.2 Effective Interest rates

This note shows effective interest rates on fixed-rate bonds and zero coupon bonds at the end of the reporting period and the purchase date.

Effective interest rates are presented for the Group's main insurance subsidiaries:

- France;
- Italy;
- Brazil;
- Spain.

22.3.2.1 EFFECTIVE INTEREST RATES AT PURCHASE

31.12.2011	France	Italy	Brazil	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**
Fixed rate bonds	4.19%	3.83%	10.66%	4.70%

31.12.2010	France	Italy	Brazil	Spain
Fixed-rate debt securities	Euro	Euro	Real	Euro
Fixed-rate bonds	4.32%	3.71%	11.91%	4.76%

22.3.2.2 EFFECTIVE INTEREST RATES AT BALANCE SHEET DATE

31.12.2011	France	Italy	Brazil	Spain
Fixed-rate debt securities	Euro	Euro	Real	Euro
Fixed-rate bonds	3.70%	3.39%	10.66%	6.25%

31.12.2010	France	Italy	Brazil	Spain
Fixed-rate debt securities	Euro	Euro	Real	Euro
Fixed-rate bonds	3.60%	3.42%	11.92%	8.81%

22.3.3 Carrying amounts by maturity

22.3.3.1 CARRYING AMOUNTS BY MATURITY AT 31 DECEMBER 2011

In € millions	31.12.2011						
Type of instrument	**Due within 1 year**	**Due in 1 to 2 years**	**Due in 2 to 3 years**	**Due in 3 to 4 years**	**Due in 4 to 5 years**	**Beyond 5 years**	**Total**
Fixed-rate bonds	13,763.4	12,608.8	12,599.2	14,233.1	12,533.0	96,992.8	**162,730.3**
Zero coupon bonds	10,959.3	412.2	232.8	178.2	150.4	9,751.1	**21,684.0**
Adjustable-rate bonds	277.3	292.6	72.8	37.6	30.4	1,390.9	**2,101.6**
Variable-rate bonds	2,526.8	1,492.8	1,707.3	738.1	493.6	753.6	**7,712.2**
Index-linked fixed-rate bonds	1,021.3	958.2	18.6	269.6	696.8	7,193.2	**10,157.7**
Other bonds	1,170.4	1,810.4	2,291.3	1,682.6	2,020.2	10,050.4	**19,025.3**
TOTAL	**29,718.5**	**17,575.0**	**16,922.0**	**17,139.2**	**15,924.4**	**126,132.0**	**223,411.1**

22.3.3.2 CARRYING AMOUNTS BY MATURITY AT 31 DECEMBER 2010

In € millions	31.12.2010						
Type of instrument	**Due within 1 year**	**Due in 1 to 2 years**	**Due in 2 to 3 years**	**Due in 3 to 4 years**	**Due in 4 to 5 years**	**Beyond 5 years**	**Total**
Fixed-rate bonds	20,100.1	11,881.3	14,388.4	13,527.7	13,419.0	98,285.3	**171,601.8**
Zero coupon bonds	2,932.3	667.6	103.3	254.1	173.0	6,902.9	**11,033.2**
Adjustable-rate bonds	385.7	268.9	197.4	65.9	24.4	1,553.0	**2,495.3**
Variable-rate bonds	2,379.9	713.0	421.8	362.7	630.7	642.3	**5,150.4**
Index-linked fixed-rate bonds	393.1	1,022.9	957.8	25.4	265.2	7,188.6	**9,853.0**
Other bonds	2,469.9	1,877.6	2,938.4	3,471.3	1,781.7	11,469.6	**24,008.5**
TOTAL	**28,661.0**	**16,431.3**	**19,007.1**	**17,707.1**	**16,294.2**	**126,041.7**	**224,142.2**

22.3.4 Carrying amounts at maturity – held-to-maturity investment

22.3.4.1 CARRYING AMOUNT AT 31 DECEMBER 2011

Carrying amount of financial instruments measured at amortised cost *In € millions*	31.12.2011						
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	147.8	163.2	120.6	159.8	58.6	378.7	1,028.7
Loans receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**147.8**	**163.2**	**120.6**	**159.8**	**58.6**	**378.7**	**1,028.7**

22.3.4.2 CARRYING AMOUNT AT 31 DECEMBER 2010

Carrying amount of financial instruments measured at amortised cost *In € millions*	31.12.2010						
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	231.1	152.5	169.2	118.7	135.5	399.6	1,206.6
Loans receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**231.1**	**152.5**	**169.2**	**118.7**	**135.5**	**399.6**	**1,206.6**

22.3.5 Average life of securities

The following tables show the average remaining life of securities, weighted by carrying amount, in years.

22.3.5.1 AVERAGE REMAINING LIFE OF SECURITIES – 31 DECEMBER 2011

France	Italy	Brazil	Spain
6.6	4.2	2.5	5.1

22.3.5.2 AVERAGE REMAINING LIFE OF SECURITIES – 31 DECEMBER 2010

France	Italy	Brazil	Spain
6.6	4.3	2.2	5.2

22.4 SENSITIVITY OF MCEV® TO MARKET RISKS

Sensitivity analyses are performed to efficiently identify and manage earnings and equity volatility. One of the key analyses used by management concerns the sensitivity of Market Consistent Embedded Value (MCEV®) to market and insurance risks.

The Group's Embedded Value reporting is based on CFO Forum MCEV® Principles (Market Consistent European Embedded Value Principles developed by a group of Finance Directors from Europe's top insurance companies set up in 2002). The Brazilian subsidiary CAIXA Seguros has continued to apply the Group's traditional reporting procedure and deterministic models are used by smaller Group entities whose policies do not generally include options or financial guarantees.

CNP Assurances uses valuation techniques for measuring financial options based on market consistent financial assumptions at 31 December 2011.

The calculation of Embedded Value necessarily relies on numerous assumptions with respect to economic conditions, operating conditions, policyholders' behaviour, taxes and other matters, many of which are beyond the Company's control. Actual future experience may vary from that assumed in the calculation of the Embedded Value.

MCEV® is the sum of:

- adjusted net asset value (ANAV), which corresponds to the market value of assets attributable to shareholders after deducting intangible assets, subordinated debt and other items included in In-Force covered business;

- the value of In-Force business, comprising the present value of future profits (PVFP) net of taxes generated on In-Force business at the measurement date. For France, the reference rate curve is the swap yield curve plus a liquidity premium determined using product typologies in accordance with QIS 5 technical specifications under Solvency II. MCEV® of CNP UniCredit Vita (the Italian subsidiary), CNP Vida (the Spanish subsidiary) and Barclays Vida y Pensiones (subsidiary with activities in Italy, Spain and Portugal) was measured using the relevant government bond yield curves.

In-Force business includes the Embedded Value of the financial options and guarantees present in the portfolio of insurance contracts, excluding the time-value of said options and guarantees.

The market risk sensitivity of MCEV® is tested to measure the impact of interest rate and equity volatilities. MCEV® principles and the Group's traditional value reporting procedure cover CNP Assurances SA, the Group's main subsidiaries in France, the Brazilian subsidiary CAIXA, the Italian subsidiary CNP UniCredit Vita, the Spanish subsidiaries CNP Vida and Barclays Vida y Pensiones, and the Cypriot subsidiary, Marfin Insurance Holding. Sensitivity tests are conducted using the following scenarios:

- the impact of an immediate positive or negative 100-basis point change in the swap yield curve. This would result in:
  - a revaluation of bond prices;
  - a 100-basis point adjustment to the reinvestment rate for all categories of assets; and
  - a change in discount rates.

  The impact on mathematical reserves for unit-linked portfolios is not measured;
- the impact of an immediate 10% fall in equity and property prices. As well as a 10% fall in equity and property prices, this also leads to a drop in mathematical reserves for the proportion of unit-linked portfolios invested in equities.

The results of all sensitivity analyses are net of tax and non-controlling interests and, if applicable, net of policyholder participation.

MARKET RISK SENSITIVITY OF MCEV® TO INTEREST RATE AND EQUITY VOLATILITIES AT 31 DECEMBER 2011

In € millions	100 bp increase in interest rates	100 bp decrease in interest rates	10% decrease in equity prices
Impact on MCEV®	(63.0)	(122.0)	(684.0)

MARKET RISK SENSITIVITY OF MCEV® TO INTEREST RATE AND EQUITY VOLATILITIES AT 31 DECEMBER 2010

In € millions	100 bp increase in interest rates	100 bp decrease in interest rates	10% decrease in equity prices
Impact on MCEV®	0.0	(115.0)	(493.0)

Sensitivity to insurance risks are presented in Note 24.

NOTE 23 Liquidity risk and asset liability management

23.1 LIQUIDITY RISK

23.1.1 Future cash flows from assets

This note discloses future cash flows from assets (redemptions, interest payments, etc.) by period.

23.1.1.1 FUTURE CASH FLOWS FROM ASSETS AT 31 DECEMBER 2011

In € millions

Intended holding period	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Available-for-sale financial assets	28,281	91,747	90,195	35,856
Assets held for trading	4,453	14,901	55,719	1,124
Held-to-maturity investments	148	649	224	156
Loans and receivables	351	-	-	-

23.1.1.2 FUTURE CASH FLOWS FROM ASSETS AT 31 DECEMBER 2010

In € millions

Intended holding period	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Available-for-sale financial assets	28,349	95,308	88,438	36,469
Assets held for trading	5,334	13,068	55,128	1,445
Held-to-maturity investments	244	789	225	118
Loans and receivables	17	-	-	-

23.1.2 Payment projections by maturity

This note discloses estimated future payments on savings, pension and Property & Casualty contracts, including total and partial surrenders.

The total of these projections is higher than the liabilities reported in the balance sheet because the cash flows are capitalised.

23.1.2.1 PAYMENT PROJECTIONS BY MATURITY AT 31 DECEMBER 2011

	31.12.2011				
In € millions	Within 1 year	In 1 to 5 years	5 to 10 years	10 to 15 years	Beyond 15 years
Insurance and financial liabilities (incl. linked liabilities)	17,494.0	81,914.4	60,297.0	39,997.8	133,744.4

23.1.2.2 PAYMENT PROJECTIONS BY MATURITY AT 31 DECEMBER 2010

	31.12.2010				
In € millions	Within 1 year	In 1 to 5 years	5 to 10 years	10 to 15 years	Beyond 15 years
Insurance and financial liabilities (incl. linked liabilities)	16,919.6	75,250.6	64,480.8	47,053.3	173,962.9

23.1.3 Contracts with immediate surrender option

In € millions	31.12.2011
Contracts with immediate surrender option	250,311.3
Contracts with no immediate surrender option	45,443.6

Contracts with an immediate surrender option represented a total liability of €250.3 billion at 31 December 2011 (€249.3 billion at 31 December 2010). This amount, corresponding to insurance and financial liabilities recognised in the balance sheet, relates to products with a clause allowing for their surrender or transfer by the policyholder.

Term creditor products, group personal risk products, certain annuity products and “Madelin Act” pension products do not include a surrender or transfer option.

The maximum surrender risk indicated above does not take into account the behaviour of policyholders, who tend to significantly extend the effective duration of their contracts, as reflected in Note 23.1.2.

23.2 ASSET/LIABILITY MANAGEMENT

The Group’s ALM policies are presented in section 2 of this Registration Document in Note 2.5.6 Corporate governance and internal control.

23.3 RECONCILIATION OF UNIT-LINKED ASSETS AND LIABILITIES

In € millions	31.12.2011	31.12.2010
Investment properties held to cover linked liabilities	1,026.7	1,008.7
Financial assets held to cover linked liabilities	33,758.7	36,343.6
Investments in associates held to cover linked liabilities (consolidated mutual funds and non-trading property companies)	0.0	0.0
Other assets held to cover linked liabilities (e.g., non-financial assets held by consolidated non-trading property companies)	0.0	0.0
TOTAL ASSETS HELD TO COVER LINKED LIABILITIES – CARRYING AMOUNT	**34,785.4**	**37,352.3**
Linked liabilities – financial instruments without DPF	7,308.0	8,463.3
Linked liabilities – insurance contracts and financial instruments with DPF (other than guaranteed capital reserves)	27,513.5	28,946.8
TOTAL LINKED LIABILITIES	**34,821.5**	**37,410.1**
Guaranteed capital reserves	31.9	18.4
TOTAL LINKED LIABILITIES	**34,853.4**	**37,428.5**

The asset-liability mismatch on unit-linked contracts mainly relates to provisions for outstanding claims included in linked liabilities but with no dedicated assets for the purpose of this note.

NOTE 24 Risks related to insurance and financial liabilities

24.1 MANAGEMENT OF RISKS RELATED TO INSURANCE AND FINANCIAL LIABILITIES

The Group has established management information systems designed to ensure that it fulfils its commitments to shareholders for the purpose of analysing the components of profit and value creation and supporting underwriting and pricing decisions, based on specific analyses performed for each individual insurance application.

Asset and liability projections are produced annually, in the fourth quarter, and used to calculate policyholder dividend rates for the year, as well as to produce budgets and business plans.

The Group's policies for managing risks related to insurance and financial liabilities are presented in section 2 of this Registration Document in Note 2.5.3 Tools and procedures to forecast changes in outstanding commitments and their coverage.

24.2 CONTRACT TERMS AND CONDITIONS

24.2.1 Types of insured risk by class of business

Three classes of business have been identified – savings, pensions and personal risk – in accordance with the differing nature of the Group's commitment.

SAVINGS CONTRACTS: MAINLY FINANCIAL COMMITMENTS

Savings contracts fall into two broad categories:

- traditional savings contracts, where the insurer is committed to paying a capital sum plus any guaranteed yield and a share of the investment yield over and above the guaranteed minimum in the event of death or when the contract is surrendered or matures;
- unit-linked products, where the policyholder bears the financial risk and the insurer's commitment is limited to the additional cover provided, consisting generally of a guaranteed death benefit.

PENSION PRODUCTS: TECHNICAL AND FINANCIAL COMMITMENTS

Commitments associated with annuity-based pension products depend on:

- the benefit payment period, which is not known in advance;
- the interest rate, corresponding to the return on the capital managed by the insurer.

PERSONAL RISK CONTRACTS, GIVING RISE TO A TECHNICAL COMMITMENT

The risk associated with these contracts is determined primarily by the insured's age, gender and socio-professional category.

24.2.2 Description of the main policyholder guarantees

Traditional savings contracts give rise to a commitment to pay a capital sum. These contracts generally pay a minimum yield plus policyholder dividends.

Unit-linked savings contracts do not involve any capital guarantee for the insurer, except for contracts that also include death and/or disability cover. For these latter contracts, the insurer's commitment is limited to any positive difference between cumulative gross or net premiums and the value of the units.

Pension contracts – which give rise to a commitment to pay a life annuity – fall into the following categories:

- voluntary individual pension accounts ("Article 82" accounts) giving rise to the payment of a life annuity from retirement. Retirement age is decided by the insured and a reversionary pension may be paid to a named beneficiary. The contract includes an option to convert the annuity into a lump sum;
- compulsory individual pension accounts ("Article 83" accounts) giving rise to the payment of a life annuity. The total annuities paid to the insured are based directly on the insured's salary during the contribution period and a reversionary pension may be paid to a named beneficiary;
- defined benefit plans ("Article 39" plans) funded by contributions based on total payroll. The contributions are paid into a mutual fund. When each plan participant retires, the total amount of future pension benefits is transferred from the mutual fund to the pension fund. Benefits are paid in the form of annuities;
- points-based pay-as-you-go group pension plans ("Article L. 441-1" plans) giving rise to the payment of annuities corresponding to the number of points earned during the contribution period multiplied by the value of one point. Annuities are adjusted based on changes in the value of a point;
- immediate and deferred annuity contracts, giving rise to the payment of annuities immediately or at the end of a specified period.

Contracts to fund length-of-service awards payable to employees in France on retirement are also qualified as pension contracts. Under these contracts, the insurer's liability for the payment of benefits is limited to the amount held in the related fund.

Personal risk contracts comprise various types of primary guarantees covering such risks as death, temporary or permanent disability, long-term care, health and unemployment. The main types of contracts are as follows:

- term life insurance, renewable term insurance, long-term insurance and whole life insurance contracts, which pay a lump sum in the case of death or permanent disability of the insured. Most of them include an accidental death option whereby the death benefit provided for under the primary guarantee is doubled or tripled;
- contracts paying a temporary or life annuity to dependent children or the spouse on the death of the insured;
- death/disability contracts providing for the payment of a lump sum in the case of death of the insured or a *per diem* allowance for temporary disability or a lump sum or annuities for permanent disability. Temporary disability benefits are payable on a monthly basis, in some cases after a waiting period;
- term creditor contracts, which cover all or part of an outstanding loan in the case of death of the insured, or monthly repayments – less a specified deductible – during a period of temporary disability or until the insured is recognised as being permanently disabled, or all or part of the monthly repayments in the case of permanent disability, or all or part of the monthly repayments after a waiting period in the case of unemployment. Death cover is compulsory and the loan will not be paid out until evidence of cover is provided;
- long-term care insurance contracts, providing for the payment of a fixed annuity covering part of the cost of long-term care. The amount of the annuity depends on the option selected by the insured;
- supplementary health insurance contracts, which cover all or part of the healthcare costs incurred by the insured, the insured's spouse and dependent children, that are not reimbursed by the social security authorities.

In addition, the Group's subsidiaries in Portugal (Global Não Vida) and Brazil (CAIXA Seguros) write Property & Casualty and liability insurance, including building insurance and auto insurance. The cover provided under these contracts is determined in accordance with local insurance regulations. Commitments under Property & Casualty and liability insurance are marginal in relation to those arising from the personal insurance written by the Group.

24.2.3 Participation clauses

Traditional savings contracts, certain group personal risk contracts and certain pension contracts include participation clauses. Under the terms of these clauses, the parties agree to share – on the basis defined in the contract – part of the income generated by the investment of the funds corresponding to the contract's technical reserves and, in the case of pension and personal risk contracts, part of the underwriting result.

Most contracts contain a discretionary participation feature, whereby the participation allocated to the insured is determined by the insurer as part of its marketing policy subject to compliance with the contract terms and the applicable laws. Participation is determined based on investment income for the year and the insurer has full discretion over the volume of capital gains realised during the period. The insured do not have individual rights to the participation until it is allocated to benefits or mathematical reserves. Participation that has been attributed but not yet allocated is accumulated in the policyholders' surplus reserve.

Participation rates are determined based on the local accounts.

24.3 VALUATION OF INSURANCE LIABILITIES (ASSUMPTIONS AND SENSITIVITIES)

24.3.1 Technical reserve models

Technical reserves are defined as follows:

- mathematical reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured;
- policyholder surplus reserves correspond to the participation attributed to the contract beneficiaries that is not payable in bonuses in the year following the one in which the surplus was generated;
- administrative expense reserves are intended to cover future contract administration costs that are not otherwise covered;
- escalating risks reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured under temporary and permanent disability and long-term care contracts;
- unearned premium reserves cover the portion of written and accrued premiums for the period between the reporting date and the next premium payment date or the contract expiry date. They are recorded for all types of contracts;
- premium deficiency reserves cover the portion of claims and benefits and the related handling costs for the period between the reporting date and the earliest possible premium adjustment date or the contract expiry date that is not covered by the unearned premium reserve;
- outstanding claims reserves cover the estimated principal amounts and internal and external expenses payable to settle all outstanding claims, including total future annuity payments.

24.3.2 Modelling objectives

The approach used to ensure that technical reserves are adequate focuses on:

- managing the risks associated with a fall in interest rates;
- taking swift action to adjust technical reserves following a change in mortality tables;
- using experience-based data concerning annuities in payment when observed losses appear unusually low compared with expected mortality rates.

24.3.3 Procedure for determining the main assumptions

The assessment of technical reserves is supported by:

- detailed knowledge of effective dates and the timing of accounting recognition and processing of the various technical and management events, as well as of the exact specifications of period-end processing operations and their scheduling, in order to accurately determine the underwriting and loss years;
- the creation of files at each period-end to check the consistency of reserves with technical flows;
- recurring audits of management system calculations, based on random tests and detailed repeat calculations;
- detailed risk assessments, based on prospective guaranteed yield calculations taking into account commitments in excess of regulatory limits, and on detailed statistical and other analyses of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves.

24.3.4 Assumptions based on market or company-specific variables

Discount rates for savings and life insurance contracts are capped at a level corresponding to a conservative estimate of the expected return on the corresponding assets. Non-life technical reserves are discounted at market interest rates. All other assumptions are determined by reference to internal experience-based data.

24.3.5 Use of assumptions that do not reflect historical experience

Assumptions are generally based on past experience and do not differ from those that would be expected to be used based on observed historical data. However, for liability adequacy testing purposes, the Group uses dynamic surrender rates which factor in possible increases in surrender rates that are not supported by past experience. In addition, the allocation keys used to allocate unrealised capital gains or losses are based on the present value of future profits as determined for the Embedded Value calculations. As such, they do not reflect observed historical data but consist of a reasonable projection of future unrealised gain or loss allocations, based on the principles applied to calculate the Group's Embedded Value published each year.

24.3.6 Assumption correlations

Apart from the use of dynamic surrender rates reflecting the correlation between surrender rates and the level of guaranteed yields for liability adequacy testing purposes, correlations among the various assumptions are not taken into account.

24.3.7 Sensitivity of MCEV® to changes in surrender rates and loss ratios

Uncertainties concerning insurance cash flows mainly relate to the timing of surrenders and the payment of death and other benefits.

At 31 December 2011, a 10% fall in surrender rates would have a positive impact of €193 million on MCEV®; a 5% fall in observed losses would have a positive impact of €154 million on MCEV® in respect of mortality and disability risks, and a negative impact of €75 million in respect of longevity.

24.4 RISK OF GUARANTEED YIELDS ON INSURANCE AND FINANCIAL LIABILITIES

The main derivatives included in technical reserves are guaranteed yields. Traditional savings contracts with a guaranteed yield have been classified by level of commitment, as follows (in declining order):

- contracts offering a guaranteed rate of return and a guaranteed profit share when the contract matures;
- contracts offering a higher fixed rate of return (generally 75% of the TME rate) over a maximum of eight years;
- contracts offering a guaranteed rate of return representing less than 60% of the TME rate at the time of payment.

Technical reserves on traditional savings contracts are analysed by guaranteed yield in the following tables.

Guaranteed yield *In € millions*	31.12.2011 Technical reserves	31.12.2011 %
0% (1)	143,802.0	49.8%
[0%-2%[	17,599.9	6.1%
[2%-3%[	43,824.7	15.2%
[3%-4%[	1,692.6	0.6%
[4%-4.5%]	5,142.2	1.8%
>4.5% (2)	1,833.4	0.6%
Linked liabilities	34,713.0	12.0%
Other (3)	40,161.5	13.9%
TOTAL	**288,769.3**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.
(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern CAIXA Seguros in Brazil, where bond rates are above 10% (see Note 22.2).
(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to linked liabilities, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

Guaranteed yield *In € millions*	31.12.2010 Technical reserves	31.12.2010 %
0% (1)	131,955.8	46.6%
[0%-2%[	14,514.3	5.1%
[2%-3%[	51,050.0	18.0%
[3%-4%[	1,761.8	0.6%
[4%-4.5%]	4,984.9	1.8%
>4.5% (2)	1,762.4	0.6%
Linked liabilities	36,694.7	13.0%
Other (3)	40,264.0	14.2%
TOTAL	**282,987.9**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.
(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern CAIXA Seguros in Brazil, where bond rates are above 10% (see Note 22.2).
(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to linked liabilities, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

24.5 CONCENTRATION OF INSURANCE RISK

24.5.1 Use of reinsurance to reduce concentrations of insurance risk

The Group's reinsurance programmes are designed to avoid earnings fluctuations and increase its underwriting capacity. The objectives of the reinsurance policy defined by the Board of Directors are as follows:

- to implement a reinsurance programme covering direct business and inward reinsurance written for provident institutions and subsidiaries;
- to protect underwriting results by entering into non-proportional treaties which are geared to the size of the Group and provide excess-of-loss cover per risk and per occurrence (catastrophe risk);
- to share risks on large-scale new business.

24.5.2 Loss exposure per risk and per occurrence

All portfolios are covered by catastrophe excess-of-loss reinsurance obtained from professional reinsurers.

- Individual policies: death and permanent and total disability risks for all portfolios of individual policies (direct business and inward reinsurance written by CNP Assurances for its LBPP, CNP Vita and CNP Vida subsidiaries) are reinsured on the market as follows: for each catastrophic loss event – defined as an event involving at least five victims – the Group retains ten times the annual social security ceiling (€35,352 in 2011) and the reinsurers cover 1,000 times this ceiling per event and 2,000 times the ceiling per loss year.
- Group policies:

a) death and disability risks on all Group policies (direct business net of risks ceded to co-insurers, and all quota-share reinsurance purchased from CNP Assurances by provident institutions and mutual insurers) are covered through the *Bureau Commun des Assurances Collectives* pool. The system provides successively for the retention of the two largest claims per insurer, €30 million in co-insurance cover (of which CNP Assurances' share is 26%) and reinsurance cover purchased by the pool from external reinsurers. There are four levels of reinsurance cover, as follows: level 1: 20 XS €30 million; level 2: 100 XS €50 million; level 3: 250 XS €150 million; and level 4: 100 XS €400 million with 200% paid reconstitution except for nuclear and NBC terrorism risks. A loss event is defined as involving three or more victims;

b) catastrophic risks insured by CNP Assurances for provident institutions and mutual insurers are reinsured on the market. A loss event is defined as involving three or more victims. The Group and provident institutions (acting as a matter of priority on behalf of the two or three largest claimants) retain €1.25 million per loss event and the reinsurers cover €37 million per loss event and €74 million per loss year, except for nuclear, and nuclear, biological and chemical terrorism risks, for which the ceiling is €37 million per loss year.

All portfolios are also covered after 40 times the ceiling per loss year for high capital payouts in the case of IPA3 death of an insured.

Reinsured portfolios are analysed each year, covering:

- the age pyramid, risk dispersion and concentration of insured populations;
- the number, size and cause of paid claims, including a detailed analysis of the largest claims;
- underwriting and reinsurance results.

Reinsurance balances are net settled at quarterly, half-yearly or annual intervals depending on the treaty. There are currently no disputed balances.

24.5.3 Counterparty risk on reinsurance balances

The Group regularly checks the solvency of its reinsurance partners. The discriminating criteria applied for the selection of these partners include their credit rating.

Excess-of-loss contracts have been placed with reinsurers who are rated between A-and AAA (a detailed schedule of reinsurer ratings is presented in Note 10.5).

24.5.4 Insurance-related legal risks

The Group's insurance-related legal risks and its risk management policy are presented in section 2 of this of this Registration Document in Corporate governance and internal control (Note 2.5.7 Insurance-related legal risks)

4.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of CNP Assurances;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

4.2.1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 3.1 to the consolidated financial statements regarding the new mandatory accounting standards, which do not have a material impact on the consolidated financial statements for the year ended 31 December 2011.

4.2.2 JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2011 were made in an uncertain environment resulting from the financial crisis in eurozone countries, in particular in Greece, accompanied by a liquidity and economic crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*), we carried out our own assessments, which we bring to your attention:

- certain technical items specific to insurance and re-insurance, on both the assets and liabilities sides of the consolidated balance sheet, such as technical reserves and securities portfolios, are estimated based on statistical and actuarial considerations. The methods used to determine these items are discussed in Notes 3.9 and 3.13 to the consolidated financial statements. We verified that the methods and assumptions used were reasonable, in particular in view of the Group's regulatory environment and experience;
- goodwill is tested for recoverability at each period-end in accordance with the methods described in Note 3.9 to the consolidated financial statements. We verified that the measurement approaches used were based on assumptions that were consistent with the forecast data taken from the Group's business plans.
- financial assets and derivative instruments are recognised and measured in accordance with the methods described in Note 3.10 to the consolidated financial statements. We obtained assurance that the measurement criteria were implemented and that the classification used was consistent with the Group's documentation. We verified that the methods used to calculate impairment of available-for-sale equity instruments were appropriate and properly applied;
- in the context of the financial crisis, we verified the methods used to identify the Group's exposure and to measure and calculate impairment of financial instruments. We reviewed in particular the Group's own analyses on the potential risks regarding sovereign debt, its valuation, and its accounting treatment. We also verified that the information presented in Notes 9.2.1 and 9.9.1 to the consolidated financial statements was appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

4.2.3 SPECIFIC VERIFICATION

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 5 March 2012

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	MAZARS
Eric Dupont	Jean-Claude Pauly

4.3. COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2011

4.3.1. Balance sheet

4.3.1.1. ASSETS

		In € thousands	%
Assets	**31.12.2011**	**31.12.2010**	**Year-on-year change**
Intangible assets	**42,114**	**32,034**	**31.5%**
Investments	**235,063,578**	**227,412,936**	**3.4%**
Land and buildings	5,332,067	4,163,325	28.1%
Investments in subsidiaries and affiliates	4,364,269	3,992,288	9.3%
Other investments	225,314,051	219,257,323	2.8%
Cash deposits with ceding insurers	53,191	0	0.0%
Assets held to cover linked liabilities	**20,211,514**	**21,576,016**	**-6.3%**
Reinsurers' share of technical reserves:	**7,766,317**	**7,109,819**	**9.2%**
Life premium reserves	7,450,148	7,032,278	5.9%
Outstanding life claims reserves	98,799	68,814	43.6%
Outstanding non-life claims reserves	24,045	2,657	805.0%
Policyholder surplus reserve and rebates – life	8,141	4,752	71.3%
Policyholder surplus reserve and rebates – non-life	1,318	1,318	0.0%
Equalisation reserves	2,687	0	0.0%
Other non-life technical reserves	181,179	0	0.0%
Receivables	**3,774,206**	**3,762,218**	**0.3%**
Receivables arising from insurance transactions:	**1,633,915**	**2,087,995**	**-21.7%**
■ *Earned premiums not yet written*	*1,322,265*	*1,362,274*	*-2.9%*
■ *Other insurance receivables*	*311,650*	*725,721*	*-57.1%*
Reinsurance receivables	**31,525**	**21,968**	**43.5%**
Other receivables	**2,108,766**	**1,652,255**	**27.6%**
■ *Receivables from employees*	*707*	*2,541*	*-72.2%*
■ *Receivables due from government and social security bodies*	*935,988*	*738,255*	*26.8%*
■ *Sundry receivables*	*1,172,071*	*911,459*	*28.6%*
Other assets	**188,463**	**195,705**	**-3.7%**
Property, plant and equipment	120,757	126,516	-4.6%
Current accounts and cash on hand	42,785	34,546	23.8%
Treasury shares	24,921	34,643	-28.1%
Accrued income and prepaid expenses:	**7,352,978**	**7,079,458**	**3.9%**
Prepaid interest and lease payments	2,940,709	3,180,494	-7.5%
Deferred acquisition costs	478	593	-19.4%
Other accrued income and prepaid expenses	4,411,791	3,898,371	13.2%
Foreign currency conversion losses	**0**	**0**	**0.0%**
TOTAL ASSETS	**274,399,170**	**267,168,186**	**2.7%**

4.3.1.2. EQUITY AND LIABILITIES

	In € thousands		*%*
Equity and liabilities	**31.12.2011**	**31.12.2010**	**Year-on-year change**
Equity	**7,839,572**	**7,521,619**	**4.2%**
Share capital	594,151	594,151	0.0%
Additional paid-in capital	981,500	981,500	0.0%
Revaluation reserve	21,564	21,564	0.0%
Other reserves	5,768,122	5,838,446	-1.2%
Retained earnings	1,114	(126,814)	-100.9%
Net profit for the year	473,121	212,772	122.4%
Subordinated debt	**4,633,902**	**4,324,750**	**7.1%**
Technical reserves:	**229,923,460**	**222,435,754**	**3.4%**
Provisions for unearned premiums and unsettled claims	17	20	-15.0%
Life premium reserves	223,166,691	215,840,260	3.4%
Outstanding life claims reserves	3,029,959	2,870,146	5.6%
Outstanding non-life claims reserves	7,247	7,454	-2.8%
Policyholder surplus reserve and rebates – life	3,130,881	3,168,653	-1.2%
Policyholder surplus reserve and rebates – non-life	759	739	2.7%
Equalisation reserves	120,561	118,555	1.7%
Other life technical reserves	250,641	210,184	19.2%
Other non-life technical reserves	216,704	219,743	-1.4%
Linked liability technical reserves	**20,211,515**	**21,576,016**	**-6.3%**
Provisions for liabilities and charges	**48,283**	**55,746**	**-13.4%**
Cash deposits received from reinsurers	**366,713**	**309,569**	**18.5%**
Other liabilities:	**9,612,311**	**9,152,557**	**5.0%**
Liabilities arising from insurance transactions	831,443	1,002,779	-17.1%
Liabilities arising from reinsurance transactions	661,229	213,563	209.6%
Bank borrowings	52,734	244,600	-78.4%
Other liabilities:	8,066,905	7,691,615	4.9%
■ *Other borrowings, deposits and guarantees received*	*271,731*	*276,653*	*-1.8%*
■ *Employee benefits expense payable*	*230,465*	*232,637*	*-0.9%*
■ *Accrued payroll and other taxes*	*874,019*	*476,740*	*83.3%*
■ *Sundry payables*	*6,690,690*	*6,705,585*	*-0.2%*
Deferred income and accrued expenses	**1,763,414**	**1,792,175**	**-1.6%**
TOTAL EQUITY AND LIABILITIES	**274,399,170**	**267,168,186**	**2.7%**

4.3.2. Income Statement at 31 December 2011

4.3.2.1. NON-LIFE TECHNICAL ACCOUNT

In € thousands %

	31.12.2011			31.12.2010	
Non-life technical account	**Gross**	**Reinsured**	**Net amounts**	**Net amounts**	**Year-on-year change**
Earned premiums:	**45,620**	**(173,986)**	**(128,366)**	**42,529**	**-401.8%**
Premiums	45,617	(173,986)	(128,369)	42,534	-401.8%
Change in unearned premiums reserve and unsettled claims	3	0	3	(5)	-160.0%
Allocated investment income	**5,725**	0	**5,725**	**7,925**	**-27.8%**
Other underwriting income	0	0	**0**	**0**	**0.0%**
Paid claims and benefits and change in claims reserves:	**(37,492)**	**21,388**	**(16,104)**	**(30,529)**	**-47.3%**
Paid benefits and expenses	(37,699)	0	(37,699)	(26,471)	42.4%
Change in outstanding claims reserves	207	21,388	21,595	(4,058)	-632.2%
Change in other technical reserves	**2,983**	**181,179**	**184,162**	**(8,901)**	**-2,169.0%**
Policyholder dividends	**(15)**	**6**	**(9)**	**(119)**	**-92.1%**
Acquisition costs and administrative expenses:	**(2,583)**	**0**	**(2,583)**	**3,502**	**-173.8%**
Business acquisition costs	(2,338)	0	(2,338)	(2,981)	-21.6%
Policy administration expenses	(245)	0	(245)	6,483	-103.8%
Reinsurance commissions received	0	0	0	0	0.0%
Other underwriting expenses	**(64)**	**0**	**(64)**	**(7,319)**	**-99.1%**
Changes in claims equalisation reserve	**(872)**	**2,687**	**1,815**	**(1,597)**	**-213.7%**
Non-life underwriting result	**13,302**	**31,274**	**44,576**	**5,491**	**711.9%**

4.3.2.2. LIFE TECHNICAL ACCOUNT

	In € thousands				%
	31.12.2011			31.12.2010	Year-on-year change
Life technical account	**Gross**	**Reinsured**	**Net amounts**	**Net amounts**	
Earned premiums	21,299,523	(651,119)	**20,648,404**	23,415,360	-11.8%
Investment income:	**13,242,102**	**0**	**13,242,102**	**12,631,655**	**4.8%**
Income from financial investments	9,151,958	0	9,151,958	8,660,910	5.7%
Other investment income	1,184,433	0	1,184,433	806,734	46.8%
Profits on disposal of investments	2,905,711	0	2,905,711	3,164,011	-8.2%
Mark-to-market gains on assets held to cover linked liabilities	1,857,785	0	**1,857,785**	2,977,109	-37.6%
Other underwriting income	39,174	0	**39,174**	27,040	44.9%
Paid claims and benefits and change in claims reserves:	**(18,258,739)**	**322,151**	**(17,936,588)**	**(15,274,919)**	**17.4%**
Paid benefits and expenses	(18,098,909)	292,162	(17,806,747)	(14,948,343)	19.1%
Change in outstanding claims reserves	(159,830)	29,989	(129,841)	(326,576)	-60.2%
Change in life premium reserves and other technical reserves:	**1,255,041**	**182,253**	**1,437,294**	**(6,389,716)**	**-122.5%**
Life premium reserves	(54,984)	470,752	415,768	(5,496,597)	-107.6%
Linked liability technical reserves	1,365,637	0	1,365,637	(811,420)	-268.3%
Other technical reserves	(55,612)	(288,499)	(344,111)	(81,699)	321.2%
Policyholder dividends	**(7,320,080)**	**244,100**	**(7,075,980)**	**(8,385,720)**	**-15.6%**
Acquisition costs and administrative expenses:	**(2,154,381)**	**117,630**	**(2,036,751)**	**(2,142,623)**	**-4.9%**
Business acquisition costs	(994,702)	0	(994,702)	(1,086,248)	-8.4%
Policy administration expenses	(1,159,679)	0	(1,159,679)	(1,132,775)	2.4%
Reinsurance commissions received	0	117,630	117,630	76,400	54.0%
Investment expenses:	**(6,280,950)**	**0**	**(6,280,950)**	**(4,256,096)**	**47.6%**
Internal and external management fees and interest	(534,214)	0	(534,214)	(412,152)	29.6%
Other investment expenses	(3,388,836)	0	(3,388,836)	(933,247)	263.1%
Losses on disposal of investments	(2,357,900)	0	(2,357,900)	(2,910,698)	-19.0%
Mark-to-market losses on assets held to cover linked liabilities	**(3,540,275)**	**0**	**(3,540,275)**	**(2,463,403)**	**43.7%**
Other underwriting expenses	**(204,551)**	**0**	**(204,551)**	**(78,649)**	**160.1%**
Investment income transferred to the technical account			**0**	**0**	**0.0%**
Life underwriting result	**(65,351)**	**215,015**	**149,664**	**60,037**	**149.3%**

4.3.2.3. NON-TECHNICAL ACCOUNT

Non-technical account	31.12.2011 (In € thousands)	31.12.2010 (In € thousands)	Year-on-year change (%)
Non-life underwriting result	**44,576**	**5,491**	**711.9%**
Life underwriting result	**149,664**	**60,037**	**149.3%**
Investment income:	**343,990**	**337,867**	**1.8%**
Income from financial investments	237,740	231,659	2.6%
Other investment income	30,768	21,578	42.6%
Profits on disposal of investments	75,482	84,630	-10.8%
Allocated investment income			**0.0%**
Investment expenses:	**(163,160)**	**(113,841)**	**43.3%**
Internal and external management fees and interest expense	(13,877)	(11,024)	25.9%
Other investment expenses	(88,032)	(24,962)	252.7%
Losses on disposal of investments	(61,251)	(77,854)	-21.3%
Investment income transferred to the technical account	**(5,725)**	**(7,925)**	**-27.8%**
Other income	**368,421**	**11,190**	**3192.4%**
Other expenses	**(185,675)**	**(12,105)**	**1433.9%**
Exceptional items:	**28,459**	**(11,822)**	**-340.7%**
Exceptional income	69,743	66,083	5.5%
Exceptional expenses	(41,284)	(77,905)	-47.0%
Employee profit-sharing	**(9,383)**	**(9,964)**	**-5.8%**
Income tax expense	**(98,045)**	**(46,156)**	**112.4%**
NET PROFIT FOR THE YEAR	**473,121**	**212,772**	**122.4%**

4.3.3. Commitments given and received

In € thousands	31.12.2011	31.12.2010
1 Commitments received	**39,827,580**	**36,989,797**
2. Commitments given	**26,285,942**	**12,803,226**
2b. Securities and other assets purchased under resale agreements	4,251	4,116
2c. Other commitments related to securities, other assets or revenue	11,556,302	4,728,681
2d. Other commitments given	14,725,389	8,070,428
3. Securities lodged as collateral by reinsurers	**6,698,706**	**5,606,574**

4.3.4. Proposed appropriation of 2011 profit

Net profit for the year ended 31 December 2011 came in at €473,121,371.91 and the retained earnings account at the year end posted a positive balance of €1,113,867.89. The total amount available for distribution is therefore €474,235,239.80, less a non-distributable portion of €10,279,108.90 which is transferred back to retained earnings in accordance with Article R. 331-5-4 of the French Insurance Code (*Code des assurances*). Given that the Company's capital is fully paid up, the Board of Directors will ask the shareholders at the Ordinary and Extraordinary General Meeting of 7 June 2012:

- to distribute a total dividend of €457,496,494.84 to be shared between all shareholders;
- to transfer the balance of €6,459,636.06 to retained earnings.

Each of the 594,151,292 shares making up the share capital at the General Meeting will bear a dividend of €0.77.

The dividend will be paid as from [29 June 2012/6 July 2012] and the shares will trade ex-dividend on NYSE Euronext Paris from [11 June 2012/15 June 2012].

Private shareholders resident in France for tax purposes will be entitled to 40% tax relief on their dividends pursuant to Article 158-3-2 of the French Tax Code.

The total amount of the dividend distributed will be reduced by the amount corresponding to the number of any treasury shares held by the Company which will be transferred to the retained earnings account in accordance with Article L. 225-210 of the French Commercial Code.

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

CNP Assurances is a French *société anonyme* (public limited company) with a Board of Directors, governed by Articles L. 225-17 to L. 225-56 of the French Commercial Code (*Code de commerce*), with capital of €594,151,292. In accordance with "Article 2" of its Articles of Association, the Company's corporate purpose is to:

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

For this purpose, it can:

- hold stakes in companies whose business activities may assist it in performing the corporate purpose;
- and more generally carry out all operations of any kind whatsoever directly or indirectly related to this purpose and liable to facilitate its development or performance.

NOTE 1 Significant events of the year

1.1 IMPACT OF FINANCIAL MARKET CONDITIONS IN 2011

Sovereign debt crisis

At 31 December 2011, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €100 billion, or an estimated exposure net of deferred participation and deferred taxation of €4 billion in accordance with IFRS.

Sovereign debt securities are classified under Article R. 332-19 and they are written down when there is a recognised risk of issuer default.

In the absence of an incurred loss, with the exception of the specific case of Greek sovereign debt dealt with hereinafter, no other sovereign debt securities have been impaired.

As regards Greek sovereign debt (gross exposure of €547.3 million), the absence of observable market inputs for the securities held by CNP as well as uncertainties that have arisen over the implementation of the Greek rescue plan put together in October 2011, constitute a risk of issuer default. In view of the illiquidity of the market for these securities, which was especially marked in Q2 2011, CNP Assurances has developed its own model for calculating the fair value of these securities and cumulative impairment losses totalling €1.25 billion were recognised on Greek debt securities for the period. Impairment was calculated by series of notes, based on an average of 70% of the securities' nominal value, and reflects the best possible estimate of the extent of private sector participation in the Greek rescue plan. The exact terms and conditions of the plan and CNP Assurances' participation still have to be determined. This information will allow the Company to measure the value of new securities that are likely to be received in exchange for existing debt securities and the ultimate accounting impact of the Greek rescue plan.

Stock market crisis

European stock markets bore the brunt of investor pessimism over growth prospects and debt management in the eurozone and the lack of a concerted approach to the crisis among the governments involved. The Eurostoxx and CAC 40 indexes shed 17.5% and 17%, respectively, of their value in 2011.

Unfavourable changes in equity markets negatively impacted earnings due to a €1.3 billion increase in provisions for other-than-temporary impairment recognised on equities and other financial instruments (securities classified under Article R. 332-20 of the French Insurance Code).

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:

€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.

The sterling-denominated tranche is the Group's first debt issue in a foreign currency and a hedge has been set up to deal with the related currency risk.

1.3 CREATION OF A PARTNERSHIP BETWEEN CNP ASSURANCES AND GDF SUEZ

A public consortium comprising CNP Assurances, CDC Infrastructure and Caisse des Dépôts laid the foundations for a long-term partnership with GDF SUEZ in natural gas transportation in France and the rest of Europe. The partnership is based on the acquisition of a 25% non-controlling interest in GRTgaz for an amount of €1.1 billion.

This interest was acquired via two companies: Holding d'Infrastructures Gazières (HIG) controlled jointly by the consortium and Société d'Infrastructures Gazières (SIG) wholly owned by HIG, and which holds the 25% interest in GRTgaz. The investment was financed by SIG via a capital increase subscribed by HIG, and a bond issue in the amount of €500 million subscribed in full by CNP Assurances (for €270 million) and Caisse des Dépôts (for €230 million). SIG's capital increase was financed by a prior capital increase at HIG subscribed by CNP Assurances for €358 million, representing 54.4% of the shares issued.

At 31 December 2011, CNP Assurances held 51.2% of the share capital of HIG (€338 million) as well as bonds issued by SIG in the amount of €211 million.

NOTE 2 Subsequent events

DOWNGRADING OF CNP ASSURANCES' CREDIT RATING TO A+ BY STANDARD & POOR'S

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

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

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

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

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

NOTE 3 Accounting policies and principles

CNP Assurances' Company financial statements are prepared in accordance with Articles 8 to 16 of the French Commercial Code and the implementing decree of 29 November 1983 for the Law of 3 April 1983.

The measurement and recognition bases used to prepare the Company accounts comply with the decree of 8 June 1994 and the government order of 20 June 1994 to bring the French Insurance Code into line with the EU directive of 19 December 1991 concerning the Company and consolidated financial statements of insurers.

3.1 EQUITY

3.1.1 Share capital

Expenses related to increases in the share capital are recorded in the share premium reserve.

Exceptionally, in 1995, provisions arising from new accounting regulations (decree of 8 June 1994 and the government order of 20 June 1994) relating to other-than temporary impairment of assets at the beginning of the reporting period were recognised in equity at 1 January 1995, in accordance with the recommendation of the French National Accounting Board (*Conseil national de la comptabilité* – CNC). This impairment expense is reversed if there is an appreciation in the value of the assets concerned.

French insurers must set up a capitalisation reserve in their statutory accounts in order to state returns from bonds classified under Article R. 332-19 of the Code, independently of any capital gains or losses realised. It is either debited with capital gains realised on the sale of bonds or – in the event that capital losses are generated on this type of asset – credited by a matching amount. Until 1 January 2010, this reserve was exempt from tax. Any amounts booked to, or reversed from the capitalization reserve after 1 January 2010 are taxable or deductible immediately in profit.

3.1.2 Treasury shares

Treasury stock, corresponding mainly to shares acquired to stabilise the CNP Assurances share price, are recorded in "marketable securities" in accordance with opinion No. 98D issued by the CNC's emerging issues task force and CNC regulation No. 2000-02.

3.2 INTANGIBLE ASSETS

For the purpose of measuring intangible assets, which include the work necessary for integrating business applications and licenses acquired, the Company applies CNC regulation No. 2004-15 of 23 June 2004, concerning the definition, recognition and measurement of assets. This regulation is designed to bring accounting policies into line with IAS 38.

The following amortisation periods, which reflect the best estimate of the asset's useful life, are used by the Company:

- internally-developed software: five years;
- business applications (licences): five years.

Internally developed software is amortised from the date on which it is placed in service; licences are amortised from their acquisition date.

3.3 INVESTING ACTIVITIES

Investments and related activities are accounted for in accordance with the French Insurance Code.

3.3.1 Measurement

Investments are measured at their historical cost, less acquisition-related costs, with the exception of:

- investments held to cover linked liabilities, which are remeasured at the end of each reporting period based on any changes in the related unrealised gains or losses – the matching liabilities are remeasured on the same basis;
- investments subject to legal revaluation requirements.

INVESTMENT PROPERTY

Since 1 January 2005, CNP Assurances recognises buildings by significant part or component, in accordance with Regulation 2005-09 of 3 November 2005, which made substantial changes to CRC Regulation No. 99-03 of 29 April 1999 concerning the General chart of accounts, and Article 15-1 of Regulation No. 2002-10, concerning the depreciation of assets.

Amortised cost consists of acquisition cost less accumulated depreciation and impairment expense.

Borrowing costs incurred during the construction period are recognised as an expense.

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 and upkeep costs are capitalised by significant part provided that future economic benefits are expected to flow from the work and that they can be estimated reliably.

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

Accrued rental income is recognised in profit.

Accumulated depreciation was calculated retrospectively in the balance sheet at 1 January 2005: each building was divided into specific parts and depreciated from the acquisition date through 1 January 2005, using the depreciation periods determined by the Company.

In order to break down the amortised cost of each building at 1 January by specific part, a simplified approach was used based on the breakdown observed for similar reference buildings (eight categories):

- "Haussmann" style buildings;
- intermediate-period and recent buildings;
- "old" office buildings;
- "intermediate-period and recent" offices;
- shopping centres and cinemas;
- business premises;
- high-rise housing developments;
- high-rise office developments.

The split into specific parts was based on the average observed within each of the eight reference building categories.

Fixtures and fittings were allocated to the different specific parts in view of their non-material amounts.

EQUITY INVESTMENTS

Equities are recognised at their purchase price, less expenses, and dividends are recorded at the payment date, less tax credits, which are netted against income tax expense.

BONDS AND OTHER FIXED INCOME SECURITIES

Bonds and other fixed income securities are recognised at their purchase price less any accrued income which is posted to the income statement at the end of the reporting period.

In accordance with the decree of 28 December 1991, any positive or negative difference between the redemption price of the bonds and their purchase price, net of accrued interest, is deferred over the period through to maturity of the bonds for all portfolios. The deferral calculations are performed on a yield-to-maturity basis for fixed rate securities and using a straight-line basis for variable rate securities.

3.3.2 Depreciation of buildings

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.

3.3.3 Individual provisions for impairment of property and securities

Impairment loss provisions are recognised in accordance with Articles R. 332-19 and R. 332-20 of the French Insurance Code based on the classification of the assets in question.

SECURITIES CLASSIFIED UNDER ARTICLE R. 332-19 OF THE FRENCH INSURANCE CODE

CNC regulation No. 2006-07 of 30 June 2006 stipulates that "the insurer must assess whether or not there is a recognised counterparty risk arising from one or a number of events that have occurred since initial recognition, and if the related impairment loss can be estimated reliably".

Securities classified under Article R. 332-19 are written down when there is a recognised risk of issuer default. The potential impairment loss arising on the deterioration in issuer risk is estimated by the Company using a multi-criteria approach. In the event of an improvement in the issuer's situation, the impairment loss is reversed in proportion to this improvement.

ASSETS CLASSIFIED UNDER ARTICLE R. 332-20 OF THE FRENCH INSURANCE CODE

An impairment loss provision is recognised on property or financial instruments when there is evidence that they are subject to other-than-temporary impairment in accordance with Article R. 332-20 of the French Insurance Code.

In 1995, when the new accounting regulations applicable to insurers were applied for the first time, other-than temporary impairment of assets at the beginning of the reporting period was recognised in equity at 1 January 1995 and no impact was recorded in profit or loss.

BUILDINGS CLASSIFIED UNDER ARTICLE R. 332-20 OF THE FRENCH INSURANCE CODE

At the end of each reporting period, the land and shell components of each building are tested for impairment and to see if there are indicators that they may be impaired.

One such indicator is a loss of over 20% of the building's value measured against cost. If there is evidence of impairment, CNP Assurances estimates the recoverable amount of the building concerned.

The recoverable amount of a property is the higher of its value in use and its enterprise value, as determined by annual independent valuations of the Group's entire property portfolio. The recoverable amount is prorated between the land and shell components based on the building's carrying amount.

SECURITIES CLASSIFIED UNDER ARTICLE R. 332-20 OF THE FRENCH INSURANCE CODE

a) Criteria for assessing whether an asset is subject to other-than-temporary impairment:

The criteria used to determine whether an asset is subject to other-than-temporary impairment are adapted according to the nature of the asset and the associated risk:

Shares in companies classified under Article R. 332-20 of the French Insurance Code.

A range of indicators relating to a decline in the value of the investment, such as losses over a sustained period or forecasts taken from the business plan, are considered objective evidence of other-than-temporary impairment.

Other securities classified under Article R. 332-20 of the French Insurance Code (equities, mutual fund units and debt securities other than shares in companies).

Opinion No. 2002-F issued by the CNC's emerging issues task force on 18 December 2002, states that the criterion for presumption of impairment concerning "material unrealised losses may be defined for French equities in relation to the degree of volatility: 20% of the carrying amount when the markets are relatively stable, rising to 30% when they are volatile".

Within the context of the ongoing financial crisis, on 15 December 2008, the CNC and the French insurance supervisor, (*Autorité de Contrôle Prudentiel* – ACP), issued a recommendation concerning the financial statements for the year ended 31 December 2008: the CNC and the ACP considered that the high degree of volatility on the markets warranted raising the threshold for the presumption of other-than-temporary impairment to 30% of unrealised losses on the carrying amount of French equities and – unless there are exceptional circumstances – on European equities as well.

In 2011, in view of the continuing volatility on the markets, CNP Assurances has maintained the threshold for assuming that there is other-than-temporary impairment at 30% of unrealised losses. This threshold applies to securities issued in France or in another country.

For debt securities, in addition to the 20% or 30% of unrealised losses threshold, CNP Assurances considers that a recognised risk of issuer default or the intent to sell within a short time frame also constitute a criterion for presumption of impairment.

The following securities must also be tested for impairment:

- securities for which a provision has already been recognised;
- securities for which there is evidence that the Company may not be able to recover all or part of the carrying amount of the investment;
- securities that have lost at least 30% of their value over the past six months due to a high degree of volatility.
- securities that have (i) lost more than 50% of their carrying amount at the reporting date; or (ii) behaved abnormally since the reporting date; or (iii) been subject to an unfavourable assessment by CNP Assurances.

b) Amount of the provision

The amount of the provision always corresponds to the difference between the carrying amount and the recoverable amount so if a short-term sale is planned, the recoverable rate is the market rate. If the Company has the positive intention and ability to hold onto the investments, by pointing to the stability of its commitments and its asset rotation policy, the recoverable amount will take account of the intended holding period.

The recoverable amount of debt securities classified under Article R. 332-20 of the French Insurance Code is assessed on an individual basis, using a multi-criteria approach that takes account of the intended holding period, the potential risk of default and any capital guarantees.

The recoverable amount of shares in non-consolidated companies takes account of the specific features of the companies in question, particularly the earnings outlook and forecasts taken from the business plan. It is based on the value in use of the securities using a multi-criteria approach and a long-term perspective.

The recoverable value of other equities and mutual fund units is based on their fair value using a multi-criteria approach, capitalised at the risk-free rate plus a conservatively estimated risk premium (capitalisation rate corresponding to the TME rate + 500 bps) over the probable holding period for the corresponding assets.

3.3.4 General provision for impairment of property, shares and other securities

The French Insurance Code requires insurers to set up a liquidity risk reserve if the aggregate value of property, shares and securities carried in the balance sheet in accordance with Article R. 332-20 of the Code is less than their carrying amount in accordance with Article R. 331-5-1 of the Code.

In the accounts for the year ended 31 December 2008, the Company opted to defer the liquidity risk reserve as authorised under Article R. 331-5-4 of the French Insurance Code, provided all of the necessary conditions have been met (solvency capital, maturities of liabilities).

Article R. 331-26 of the French Insurance Code stipulates that the following assumptions should be used to measure liability maturities: year-by-year projections of benefit payments (total and partial surrenders and endowment) over a 50-year period. Benefit maturities may vary for a number of different reasons, notably due to surrender options held by policyholders. Moreover, the effect of discounting has not been taken into account and the calculation period has been limited to eight years in order to obtain a whole number.

Based on the foregoing, the liquidity risk reserve is deferred over an eight-year period. The deferred expense is credited to non-technical income in account "753 – deferred increase in the liquidity risk reserve" with a corresponding debit to account "379 – deferred increase in the liquidity risk reserve". A related disclosure is included in Note 4.10 to the Company financial statements.

In accordance with Article R. 322-6 of the French Insurance Code, the expense deferred pursuant to Article R. 331-5-4 is deducted from distributable profit as defined in Article L. 232-11 and in Article L. 232-12, paragraph 2, of the French Commercial Code.

REALISABLE VALUE

Realisable value is defined as follows for the purposes of calculating the liquidity risks reserve:

- the realisable value of listed shares and securities is the average price calculated over the 30 days preceding the reporting date, or the most recent available listed price;
- the realisable value of shares in money market funds and mutual funds is calculated at the average redemption price published over the 30 days preceding the reporting date, or the most recent available price;
- the realisable value of property and shares in unlisted property companies is determined on the basis of five-year valuations performed by a qualified expert recognised by the 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.

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

- The realisable value of unlisted securities is determined as the fair value corresponding to the price that would be obtained in an arm's length transaction and based on their value in use for the Company.

In accordance with Article R. 331-5-4 of the French Insurance Code, the liquidity risk reserve at 31 December 2011 is calculated based on average prices for the month of December.

The basis used to calculate the liquidity risk reserve includes unrealised losses on forward financial instruments as provided for under Articles R. 332-45 to R. 332-47 of the French Insurance Code, with the underlyings referred to under Article R. 332-20. These unrealised losses are included for the portion that exceeds the value of the securities or the cash put up as collateral. Unrealised gains are only included if they are guaranteed under the conditions provided for in Article R. 332-56, i.e., there is a framework agreement between issuer and holder whereby unrealised gains and losses are secured by collateral.

Unsecured forward financial instruments are excluded from the calculation of unrealised gains and losses not covered by existing provisions.

3.3.5 Disposals and exchanges

Gains and losses on disposals of investments are calculated using the FIFO method and based on a single regulation-compliant portfolio.

They are recognised in profit or loss on the actual date of sale.

Gains or losses recognised within the scope of a public exchange offer are calculated based on the best estimate of the share price which may correspond to:

- the offerer's average share price over the period between the date on which the offer was made and the date on which it expires; or
- the stock market price (closing price) on the date the results of the share offer were published by the competent regulatory body.

3.3.6 Allocation of financial income

Net investment management income (excluding adjustments to assets held in unit-linked contracts) is split between: income generated by the investment of the funds corresponding to the contract's technical reserves (including the capitalisation reserve) which are recorded as "technical business", and those generated out of equity (excluding the capitalisation reserve), classified in "non-technical business".

3.3.7 Translation of foreign currency transactions

Since 31 December 2008, CNP Assurances has applied CRC Regulation No. 2007-07 of 14 December 2007 relating to the translation of foreign currency transactions governed by the French Insurance Code.

Foreign currency transactions are defined in Article A. 342-3 of the French Insurance Code. They are recognised in their trading or settlement currency in each accounting currency (where a number of different accounting currencies are used).

CRC Regulation No. 2007-07 defines foreign currency transactions and stipulates that changes in foreign exchange rates are accounted for by classifying these transactions into two categories:

- transactions involving assets and liabilities that generate a "structural" position. For insurers, these mainly consist of strategic investments in non-consolidated companies traded in foreign currency, advances in foreign currency made to branches and financing of said investments and advances in foreign currencies. These items are unlikely to be realised and their measurement should not be affected by fluctuations in exchange rates;

- other transactions denominated in foreign currency that generate an "operational" position. These operating transactions represent the short- or medium-term foreign exchange exposure borne by the entity in its day-to-day business that is affected by fluctuations in exchange rates.

Separate accounts are also used to record both structural and operational exchange rate positions for each currency both on- and off-balance sheet.

In the Company balance sheet, accounts denominated in foreign currency are translated into euros at the spot rate on the reporting date or the most recent available spot rate.

Translation differences on structural positions, measured based on the difference between the trading rate (historical rate) and the closing rate are recognised both on and off-balance sheet. Translation differences on structural positions are recorded in account 665 "Foreign exchange losses" or account 765 "Foreign exchange gains".

In accordance with CRC Regulation No. 2007-07 of 14 December 2007, the Company recognised unrealised foreign exchange differences on operational positions at 31 December 2011 in profit or loss.

3.3.8 Forward financial instruments

CNP Assurances uses financial instruments traded over the counter or on organised markets to hedge its financial risk exposure.

Since 1 January 2003, the Company has applied CRC Regulation No. 2002-09 relating to forward financial instruments.

Hedges have been set up to manage exposure to:

- interest rate risk on the bond portfolio and on insurance policies with guaranteed minimum yields;
- equity risk;
- foreign currency risk.

INTEREST RATE RISK

Interest rate hedges comprise:

- floors which increase in value as interest rates fall, and caps which gain in value as interest rates rise;
- put options on bonds whose value is tied to a decline in bond prices.

EQUITY RISK

CNP Assurances has contracted options that partially hedge against the risk of a decline in the value of its equities portfolio.

In light of the volumes and the resulting financial impact, the Company's partial hedging of its equities portfolio is based around a dynamic hedging strategy designed to optimise gains from market opportunities as well as the overall cost of the hedging strategy.

HEDGING OF CURRENCY RISK

CNP Assurances set up hedges to protect against the risk of fluctuations in:

- the Brazilian real exchange rate when it acquired CAIXA Seguros; and
- the pound sterling exchange rate when it issued sterling-denominated subordinated debt in 2011 (see Note 1.2.).

ACCOUNTING TREATMENT

- All forward financial instruments held at the reporting date are disclosed in the summary schedule of investments included in the notes to the Company financial statements. Each forward financial instrument is shown in relation to the investment that it hedges.
- In the absence of any transfer of full and unrestricted ownership, securities pledged or received as collateral are measured at their realisable value in the schedule of commitments given or received.

INVESTMENT OR DIVESTMENT STRATEGY

- The portion of the premium corresponding to intrinsic value is carried in an adjustment account until the hedge is unwound. By way of an exception, the premium for caps or floors is deferred over the life of the hedge.
- The portion of the premium corresponding to the time value of money is deferred over the life of the hedge.
- The elimination of debit or credit balances on margin accounts, other periodic flows and balancing adjustments are kept in the adjustment account over the life of the hedge.
- When the hedge is unwound, the balance on the adjustment account, or the gain or loss on the forward financial instrument is included in the purchase price of the investment or the proceeds on disposal.

YIELD STRATEGY

- All income and expense relating to forward financial instruments, whether they have been received or settled, realised or unrealised, are deferred to profit or loss over the planned life of the hedge based on the expected yield of the instrument.
- However, a straight-line basis is used in the deferral calculation as this does not result in any significant change vis-à-vis the calculations performed on the basis of the effective yield of the instrument.
- Income and expense related to return strategies are calculated over the life of the forward financial instrument and any residual flows are included when the hedge is unwound.

3.4 PROPERTY, PLANT AND EQUIPMENT

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

It is recognised at cost and depreciated over its estimated useful life. Office systems equipment is depreciated over three years and fixtures, fittings and technical installations over ten years.

3.5 LIFE INSURANCE AND SAVINGS CONTRACTS

3.5.1 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.

3.5.2 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 traditional savings contracts correspond to the difference between the present value of the respective commitments of the Group and the policyholder.

Insurance liabilities are discounted at a rate that is equal to the highest contractual rate, using regulatory mortality tables or internal experience-based tables if these are more conservative. CNP Assurances also has a regulatory option to defer any changes in mortality tables as these are not systematically allocated to policies. 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.

Mathematical reserves are zillmerised provided that this does not give rise to a negative amount for a given policy. Zillmerisation consists of deducting the present value of acquisition expenses included in premiums from mathematical reserves. The loadings on premiums for zillmerisation corresponds to the contractual policy terms.

Acquisition costs incurred when a contract is written are recognised as an asset for the amount of the zillmerisation variance (the difference between the mathematical reserves carried in the balance sheet in accordance with Article L. 331-1 of the French Insurance Code and the amount of the same reserves if these acquisition costs had not been included in the insurer's obligations).

A matching provision for deferred acquisition costs has been recognised in liabilities in accordance with Article R. 331-3-7 of the French Insurance Code.

A provision for future expenses is set up for future contract administration costs not covered by the loadings on premiums or by the fees levied on financial products.

The provision for future expenses is set up in accordance with (i) Article A. 331-1 of the French Insurance Code, amended by the government order of 29 December 1998; and (ii) the provisions of the amended Finance Act of 30 December 1998 relating to the conditions of tax deductibility.

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.

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

If the actual return on plan assets at the reporting date, reduced by one-fifth, is less than the quotient of the total amount of guaranteed interest by the average amount of the mathematical reserves set aside, an amount must be recognised in the financial contingency reserve in accordance with Article A. 331-2 of the French Insurance Code.

An equalisation reserve is set up to cover fluctuations in loss ratios on group policies that provide whole life cover.

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.

3.6 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).

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

An equalisation reserve is set up to cover fluctuations in loss ratios on Group policies that provide bodily injury cover.

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 reserve is recorded for claims handling expenses based on a calculated percentage of actual expenses.

3.7 REINSURANCE

3.7.1 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.

3.7.2 Inward reinsurance

Inward reinsurance is recognised based on information received from reinsurers or else an estimate of unbilled accounts.

3.8 EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations are recognised in full.

3.8.1 Defined benefit pension plan

At the beginning of July 2006, CNP Assurances 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.

3.8.2 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.

3.8.3 Discount rate

The discount rate corresponds to the interest rate for investment-grade corporate bonds traded in an active market with maturities that match the duration of the benefit obligation.

3.8.4 Accounting treatment

Actuarial gains and losses on long-term benefit obligations 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 less the expected return on plan assets.

3.9 ACQUISITION COSTS AND ADMINISTRATION 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 and they are allocated as follows:

- operating expenses are initially recognised by nature and profit centre and are then reallocated by function;
- costs are allocated to the different functions on a profit centre basis.

Costs are analysed by function:

- either directly based on the nature of the activity (new business acquisition costs, claims management, etc.); or
- indirectly using statistical cost allocation keys or actual business data.

3.10 *PLAN ÉPARGNE-RETRAITE POPULAIRE (PERP)* AND *PLAN ÉPARGNE-RETRAITE ENTREPRISE* (PERE)

The PERP and PERE pension plans sold by CNP Assurances are accounted for in accordance with CNC opinion No. 2004-16 of 27 October 2004. A special segregated portfolio has been set up for these operations to safeguard policyholder's special entitlement to use plan assets to settle claims. A subsidiary set of accounts is kept for each PERP and PERE plan.

The separate PERP and PERE plan accounts are presented to the Supervisory Board.

Transactions between the plan portfolios and the Company's asset portfolio are recognised as a purchase/sale in each portfolio and the gain or loss on disposal is recognised using the FIFO method.

In the plan accounts:

- the underwriting and financial profit generated by the plan over the reporting period is recognised in the policyholder surplus reserve;
- if there is an overall decline in value of the non-amortisable assets in the special segregated portfolio, a provision must be recognised in the liquidity risk reserve;
- the capitalisation reserve is calculated for the segregated PERP portfolio and reclassified to other life technical reserves for PERP and PERE plans.

Other assets and liabilities are measured using the accounting principles applied by the Company and described earlier.

When a provision is set aside in the liquidity risk reserve in the subsidiary accounts of a PERP or a PERE plan, the expense deferred pursuant to Article R. 331-5-4 of the French Insurance Code is recognised in the Company accounts and has no impact on the subsidiary plan accounts.

3.11 ADDITIONAL SPECIAL TECHNICAL RESERVES FOR THE FRENCH CIVIL SERVANT PENSION PLAN *(RÉGIME L. 441-1 PRÉFON-RETRAITE)*

CNP Assurances markets a number of points-based pay-as-you-go group pension plans ("Article L. 441-1" plans).

Pursuant to Article R. 441-21 of the French Insurance Code, the insurer must calculate the theoretical mathematical reserves required to meet annuity payments based on the number of points earned at the reporting date. If the balance on the special technical reserves account (i.e., the balance of policyholder payments and accrued benefits in the segregated portfolio) is less than the theoretical mathematical reserves, the insurer must transfer the shortfall to special technical reserves. If the balance on the special technical reserves account returns to an amount greater than the theoretical mathematical reserves, the additional special technical reserve previously recognised is reversed.

When plan assets backing liabilities exceed the conventional minimum, the assets may be reallocated to the insurer's asset portfolio.

3.12 TAXATION

3.12.1 Tax treatment

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 International Services, Filassistance International, Âge d'Or Expansion, AEP 3, AEP 4, Assurimmeuble, Étages Franklin, Kupka, Pyramides 2, Assurhélène, Foncière Investissement, Ecureuil Vie Crédit and Ecureuil Vie Investissement.

3.12.2 Deferred taxation

No provision for deferred taxation is recognised in the CNP Assurances Company accounts.

3.13 CONSOLIDATION

CNP Assurances, the parent company, is fully consolidated by CNP Assurances Group.

NOTE 4 Balance sheet items

4.1 CHANGES IN INTANGIBLE ASSETS, BUILDINGS, AND INTERESTS IN SUBSIDIARIES AND AFFILIATES

In € thousands

Gross	Gross at 1 January 2011	Acquisitions	Disposals	Transfers	Gross at 31 December 2011
Intangible assets	**234,361**	**21,694**			**256,055**
Software	234,361	21,694			256,055
Land and buildings	**4,433,398**	**1,942,881**	**774,287**	**(17,107)**	**5,584,885**
Forests	62,834	60	93		62,801
Developed property	546,930	280	49,494	1,282	498,998
Shares in unlisted property companies	3,812,483	1,937,237	724,304	(17,107)	5,008,309
Property investments in progress	11,151	5,304	396	(1,282)	14,777
Investments in subsidiaries and affiliates	**4,234,807**	**699,000**	**67,348**	**(97,595)**	**4,768,864**
Investments in subsidiaries	3,361,794	610,181	54,754	(102,195)	3,815,026
Investments in affiliates	873,013	88,819	12,594	4,600	953,838
TOTAL	**8,902,566**	**2,663,575**	**841,635**	**(114,702)**	**10,609,804**

In € thousands

Depreciation, amortisation and impairment provisions	Gross at 1 January 2011	Increases	Decreases	Transfers	Gross at 31 December 2011
Amortisation of software	202,327	11,614			213,941
Depreciation of buildings	190,798	10,440	16,473		184,765
Provisions for impairment of buildings	18,924	5,036	3,680		20,280
Provisions for impairment of shares in property companies	60,351	2,886	15,468	4	47,773
Provisions for impairment of investments in subsidiaries	194,634	164,039	1,904	(91)	356,678
Provisions for impairment of other investments	47,885	6,812	6,840	60	47,917
TOTAL	**714,919**	**200,827**	**44,365**	**(27)**	**871,354**

In € thousands

At 31 December 2011 Carrying amount (gross amount less depreciation, amortisation and provisions)	Carrying amount at 1 January 2011	Increases	Decreases	Transfers	Carrying amount at 31 December 2011
Intangible assets	**32,034**	**10,080**			**42,114**
Software	32,034	10,080			42,114
Land and buildings	**4,163,325**	**1,924,519**	**738,666**	**(17,111)**	**5,332,067**
Forests	62,834	60	93		62,801
Developed property	337,208	(15,196)	29,341	1,282	293,953
Shares in unlisted property companies	3,752,132	1,934,351	708,836	(17,111)	4,960,536
Property investments in progress	11,151	5,304	396	(1,282)	14,777
Investments in subsidiaries and affiliates	**3,992,288**	**528,149**	**58,604**	**(97,564)**	**4,364,269**
Investments in subsidiaries	3,167,160	446,142	52,850	(102,104)	3,458,348
Investments in affiliates	825,128	82,007	5,754	4,540	905,921
TOTAL	**8,187,647**	**2,462,748**	**797,270**	**(114,675)**	**9,738,450**

4.2 INVESTMENTS

4.2.1 Summary of investments

In € thousands

At 31 December 2011	Gross amount	Carrying amount	Realisable value
I- Investments (detail of captions 3 & 4 in the balance sheet)			
1) Property investments and property in progress	**5,801,033**	**5,548,236**	**7,378,239**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0
2) Equities and other variable income securities, other than mutual fund units	**25,024,956**	**21,626,808**	**21,945,120**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	41,330	22,023	14,999
3) Mutual fund units (other than those in 4)	**12,976,303**	**12,850,504**	**12,617,404**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0
4) Units of mutual funds invested exclusively in fixed-income securities	**12,077,632**	**12,063,485**	**12,019,418**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0
5) Bonds and other fixed income securities	**182,464,831**	**182,497,673**	**182,302,783**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	1,236,488	704,408	412,954
6) Mortgage loans	**69**	**69**	**69**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0

In € thousands

At 31 December 2011	Gross amount	Carrying amount	Realisable value
7) Other loans	**598,039**	**598,039**	**572,949**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0
8) Deposits with ceding insurers	**0**	**0**	**0**
9) Cash deposits (other than those in 8) and guarantees and other investments	**1,554,184**	**1,554,184**	**1,554,184**
10) Assets backing unit-linked contracts	**20,211,420**	**20,211,420**	**20,211,430**
Property investments	0	0	0
Variable income securities other than mutual fund units	0	0	0
Mutual funds invested exclusively in fixed-income securities	0	0	0
Other mutual funds	0	0	0
Bonds and other fixed income securities	0	0	0
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0
11) Other forward financial instruments	**0**	**0**	**0**
Forward financial instruments: investment or divestment strategy	0	0	0
Forward financial instruments: yield strategy	0	0	0
Forward financial instruments: other	0	0	0
12) Total – lines 1 to 11	**260,708,467**	**256,950,419**	**258,601,596**
a) of which:			
■ investments measured in accordance with Article R. 332-19	178,359,093	178,467,628	178,829,430
■ investments measured in accordance with Article R. 332-20	62,137,954	58,271,371	59,560,736
■ investments measured in accordance with Article R. 332-5	20,211,420	20,211,420	20,211,430
b) of which:			
■ Securities representing technical provisions other than those listed below	241,591,834	238,209,777	237,331,018
■ Securities pledged to cover commitments to providential insurance companies or covering managed investment funds	0	0	0
■ Securities deposited with assignors (including securities deposited with assignors whose company has provided jointly liable surety)	1,593,261	1,593,261	1,593,261
■ Securities allocated to special technical provisions for other transactions in France	6,263,931	6,353,866	6,292,322
■ Other allocations or unallocated	11,259,441	10,793,515	13,384,995
c) of which:			
■ Investments and forward financial instruments within the OECD	259,436,517	255,712,602	256,685,240
■ Investments and forward financial instruments outside the OECD	1,271,950	1,237,817	1,916,356
II- Assets representing technical provisions (other than investments and reinsurers' share of technical reserves)			
Accrued interest not yet payable	2,926,486	2,926,486	2,926,486
Bank accounts and checking accounts	(9,949)	(9,949)	(9,949)
Other	28,372	28,372	28,372
Total assets representing technical provisions	**2,944,909**	**2,944,909**	**2,944,909**
TOTAL	**263,653,376**	**259,895,328**	**261,546,505**

4.2.2 Investments in government bonds

In € millions

At December 31 Issuer government	Gross exposure Carrying amount**	Net exposure
France	54,158	2,354
Italy	7,849	275
Belgium	8,934	252
Spain	5,208	242
Austria	6,174	152
Brazil	2	1
Portugal	2,748	104
Netherlands	712	13
Ireland	2,155	56
Germany	4,086	199
Greece	547	18
Finland	400	8
Poland	240	5
Luxembourg	163	4
Sweden	102	2
Denmark	195	4
Slovenia	308	6
Canada	700	48
Japan	61	1
Slovakia	55	1
Czech Republic	10	0
Lithuania	16	0
Abu Dhabi	70	2
Supra	5,298	340
TOTAL	**100,191**	**4,088**

* *Carrying amount, including accrued coupon.*

** *The calculation of net exposure has been standardised at Group level and 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 under IFRS.*

4.3 RECEIVABLES AND PAYABLES BY MATURITY

In € thousands

At 31 December 2011 Receivables	Gross amount	1 year or less	Between 1 and 5 years	Over 5 years
Insurance receivables	**1,633,915**	**1,613,503**	**20,412**	
Earned premiums not yet written	1,322,265	1,322,265		
Other insurance receivables	311,650	291,238	20,412	
Reinsurance receivables	**31,525**	**31,525**		
Other receivables	**2,108,766**	**2,108,766**		
Receivables from employees	707	707		
Receivables due from government and social security bodies	935,988	935,988		
Sundry receivables	1,172,071	1,172,071		
Called and unpaid capital				
TOTAL	**3,774,206**	**3,753,794**	**20,412**	

In € thousands

At 31 December 2011 Payables	Gross amount	1 year or less	Between 1 and 5 years	Over 5 years
Cash deposits received from reinsurers	**366,713**	**366,713**		
Other payables	**9,612,311**	**9,570,743**	**41,568**	
Liabilities arising from insurance transactions	831,443	831,443		
Liabilities arising from reinsurance transactions	661,229	661,229		
Bank borrowings	52,734	52,734		
Other payables:	**8,066,905**	**8,025,337**	**41,568**	
Negotiable debt securities issued by the Company				
Other borrowings, deposits and guarantees received	271,731	230,163	41,568	
Employee benefits expense payable	230,465	230,465		
Accrued payroll and other taxes	874,019	874,019		
Sundry payables	6,690,690	6,690,690		
TOTAL	**9,979,024**	**9,937,456**	**41,568**	

4.4 SUBSIDIARIES AND AFFILIATES

4.4.1 Investments in subsidiaries and affiliates

In € thousands

Caption	Total at 31.12.2011				Affiliates				Subsidiaries			
	Equities	Other	Impair-ment	Carrying amount	Equities	Other	Impair-ment	Carrying amount	Equities	Other	Impair-ment	Carrying amount
Insurance companies												
CAIXA SEGUROS HOLDING SA	437,321	-	-	437,321	-	-	-	-	437,321	-	-	437,321
CNP ASSURANCES BRASIL HOLDING	8,128	-	-	8,128	-	-	-	-	8,128	-	-	8,128
CNP ASSURANCES SEGUROS DE VIDA	6,060	7	4,319	1,748	-	-	-	-	6,060	7	4,319	1,748
CNP BARCLAYS VIDA Y PENSIONES	220,077	-	-	220,077	-	-	-	-	220,077	-	-	220,077
CNP CAUTION	24,997	-	9,280	15,717	-	-	-	-	24,997	-	9,280	15,717
CNP EUROPE LIFE LIMITED	48,240	-	-	48,240	-	-	-	-	48,240	-	-	48,240
CNP IAM	245,596	-	-	245,596	-	-	-	-	245,596	-	-	245,596
CNP INTERNATIONAL	23,325	-	-	23,325	-	-	-	-	23,325	-	-	23,325
CNP UNICREDIT VITA SPA	726,775	-	291,075	435,700	-	-	-	-	726,775	-	291,075	435,700
CNP VIDA DE SEGUROS Y REASEGUR	78,526	-	-	78,526	-	-	-	-	78,526	-	-	78,526
FILASSISTANCE INTERNATIONAL	10,087	-	1,389	8,698	-	-	-	-	10,087	-	1,389	8,698
I.T.V	22,410	-	-	22,410	-	-	-	-	22,410	-	-	22,410
LA BANQUE POSTALE PRÉVOYANCE	94,061	-	-	94,061	-	-	-	-	94,061	-	-	94,061
MARFIN INSURANCE HOLDINGS LIMI	145,451	-	-	145,451	-	-	-	-	145,451	-	-	145,451
MFPRÉVOYANCE SA	67,853	-	-	67,853	-	-	-	-	67,853	-	-	67,853
PRÉVIPOSTE	125,770	-	-	125,770	-	-	-	-	125,770	-	-	125,770
PREVISOL AFJP	7,460	-	7,460	-	7,460	-	7,460	-	-	-	-	-
SINO-FRENCH LIFE INSURANCE	12,250	-	-	12,250	-	-	-	-	12,250	-	-	12,250
Sub-total	**2,304,387**	**7**	**313,523**	**1,990,871**	**7,460**	**-**	**7,460**	**-**	**2,296,927**	**7**	**306,063**	**1,990,871**
Other companies												
270 INVESTMENTS	125,573	32,650	23,736	134,488	-	-	-	-	125,573	32,650	23,736	134,488
3i GROWTH CAPITAL	39,106	-	-	39,106	-	-	-	-	39,106	-	-	39,106
ÂGE D'OR EXPANSION	6,840	1,900	5,441	3,299	-	-	-	-	6,840	1,900	5,441	3,299
AXA INFRASTRUCTURE PARTNERS	66,718	-	-	66,718	66,718	-	-	66,718	-	-	-	-

In € thousands

Caption	Total at 31.12.2011				Affiliates				Subsidiaries			
	Equities	Other	Impair-ment	Carrying amount	Equities	Other	Impair-ment	Carrying amount	Equities	Other	Impair-ment	Carrying amount
BRIDGEPOINT EUROPE IV	24,500	-	-	24,500	-	-	-	-	24,500	-	-	24,500
CANTIS	0	1,042	-	1,042	0	1,042	-	1,042	-	-	-	-
CARRÉS BLEUS	3,581	-	1,268	2,313	-	-	-	-	3,581	-	1,268	2,313
CBPE VIII	17,958	-	-	17,958	-	-	-	-	17,958	-	-	17,958
CDC INTERNATIONAL	0	-	-	0	0	-	-	0	-	-	-	-
CLEANTECH EUROPE II	19,891	-	-	19,891	-	-	-	-	19,891	-	-	19,891
CNP FORMATION	19	-	-	19	-	-	-	-	19	-	-	19
DIF INFRASTRUCTURE II	20,796	-	-	20,796	-	-	-	-	20,796	-	-	20,796
ÉCUREUIL VIE DEVELOPPEMENT	19	1,000	-	1,019	-	-	-	-	19	1,000	-	1,019
ÉCUREUIL VIE INVESTMENT	328,338	14,750	-	343,088	-	-	-	-	328,338	14,750	-	343,088
EQUASANTE	885	-	885	-	885	-	885	-	-	-	-	-
ESDF IV	17,109	-	2,093	15,016	-	-	-	-	17,109	-	2,093	15,016
FILASSISTANCE SERVICES	378	-	378	-	-	-	-	-	378	-	378	-
GESPRE EUROPE	3,000	-	1,353	1,647	3,000	-	1,353	1,647	-	-	-	-
GIMAR FINANCE	454	-	-	454	454	-	-	454	-	-	-	-
HOLDING INFRASTRUCTURES GAZIÈRES	336,980	20	-	337,000	-	-	-	-	336,980	20	-	337,000
I-CDC	914	-	-	914	914	-	-	914	-	-	-	-
INFRA-INVEST	1,553	675	1,541	687	-	-	-	-	1,553	675	1,541	687
INFRASTRUCTURE PARTNERS (MS)	38,353	-	-	38,353	-	-	-	-	38,353	-	-	38,353
MEIF III SCOTLAND LP	70,048	-	-	70,048	70,048	-	-	70,048	-	-	-	-
MONTAGU IV	30,000	-	-	30,000	-	-	-	-	30,000	-	-	30,000
OCM EUROPEAN PRINCIPAL OPP II	16,358	-	-	16,358	-	-	-	-	16,358	-	-	16,358
OFIINFRAVIA	20,201	-	-	20,201	20,201	-	-	20,201	-	-	-	-
PREVIMUT	352,477	-	4,873	347,603	-	-	-	-	352,477	-	4,873	347,603
SOGESTOP G	11,167	121	11,167	121	-	-	-	-	11,167	121	11,167	121
SOGESTOP K	156	-	119	36	-	-	-	-	156	-	119	36
SOGESTOP L	18,626	15	-	18,641	-	-	-	-	18,626	15	-	18,641
SOGESTOP M	37	-	-	37	-	-	-	-	37	-	-	37
SOGESTOP N	40	-	-	40	-	-	-	-	40	-	-	40
SUNLIGHT	30,000	-	-	30,000	30,000	-	-	30,000	-	-	-	-
UBS INTERNATIONAL INFRA FUND	42,108	0	-	42,108	-	-	-		-	42,108	0	42,108
UNIGESTION SECONDARY OPP II	15,000	-	-	15,000	-	-	-		-	15,000	-	15,000
Other companies*	**753,115**	**-**	**38,220**	**714,896**	**753,115**	**-**	**38,220**	**714,896**		**-**	**-**	**-**

In € thousands

Caption	Total at 31.12.2011				Affiliates				Subsidiaries			
	Equities	Other	Impairment	Carrying amount	Equities	Other	Impair-ment	Carrying amount	Equities	Other	Impair-ment	Carrying amount
Sub-total	**2,412,297**	**52,174**	**91,072**	**2,373,398**	**945,337**	**1,042**	**40,458**	**905,921**	**1,466,960**	**51,132**	**50,614**	**1,467,477**
Total by nature	4,716,684	52,181	404,596	4,364,269	952,797	1,042	47,918	905,921	3,763,888	51,138	356,678	3,458,348
TOTAL		**4,768,865**	**404,596**	**4,364,269**		**953,839**	**47,918**	**905,921**		**3,815,026**	**356,678**	**3,458,348**

* *Corresponds to venture-capital investment funds in which CNP owns less than 50% of the capital.*
Property companies that are more than 10% owned are included in Land and buildings.

4.4.2 Financial income and expenses of subsidiaries and affiliates

In € thousands

Caption	Subsidiaries	Affiliates	31.12.2011	31.12.2010
Financial expenses	164,089	8,096	172,185	20,805
Financial income	200,371	24,038	224,409	255,135

4.4.3 Receivables and payables of subsidiaries and affiliates

In € thousands

Caption	Subsidiaries	Affiliates	31.12.2011	31.12.2010
Receivables	**15,920**		**15,920**	**187,649**
Other receivables	15,920		15,920	187,649
Receivables due from government and social security bodies	*14,400*		*14,400*	*14,400*
Sundry receivables	*1,520*		*1,520*	*173,249*
Other payables	**212,090**	**254,395**	**466,485**	**848,265**
Other payables	212,090	254,395	466,485	848,265
Other borrowings, deposits and guarantees received				*268,802*
Sundry payables	*212,090*	*254,395*	*466,485*	*579,463*

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4.4.4 Subsidiaries and affiliates (Articles L. 233-1 and L. 233.2 of the French Commercial Code)

SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2011

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
A -Investments with a carrying amount in excess of 1% of CNP Assurances' share capital.													
I - Subsidiaries (over 50% owned)													
270 Investments[5]	4, place Raoul Dautry– 75015 Paris – France	EUR	90,037	(80,807)	9,234	125,573	101,838	100.00%	32,650	0	(3)		Asset management
3i GROWTH CAPITAL	16 Palace Street – SW1E 5JD London – UK	EUR	NA	NA	NA	39,106	21,206	72.72%		NA	NA		Asset management
AEW Imcom 6[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	300,266	0	501,387	84,679	84,679	100.00%	50,000	0	845		Property company
AEW Imcom Un[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	108,682	(2,693)	139,778	102,119	102,119	100.00%	29,189	5,873	3,817	3,741	Property company
Age d'Or Expansion[5]	28, rue Jules-Didier – 10120 Saint-André-les-Vergers – France	EUR	2,063	(383)	4,264	6,840	1,399	99.98%	1,905	2,329	(280)		Services
Assurbail Patrimoine[1]	56, rue de Lille – 75007 Paris – France	EUR	177,408	30,448	430,488	160,974	160,974	80.83%	90,013	18,305	13,460	9,242	Property company
Assurécureuil Pierre[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	74,248	36,683	121,563	122,673	122,673	85.83%		11,167	6,064	5,290	Property company
Assurécureuil Pierre 3[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	199,624	186,626	821,964	252,165	252,165	77.98%	162,211	7,723	32,077	421	Property company
Assurécureuil Pierre 4[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	101,740	71,271	301,216	168,599	168,599	100.00%	123,465	1,777	93,336	113,541	Property company
Assurécureuil Pierre 5[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	6,361	2,009	9,687	11,224	11,224	100.00%		1,371	1,071	262	Property company
Assurimmeuble[1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	238,512	216,919	482,829	549,459	549,459	100.00%		0	27,387	26,133	Property company
Bridgepoint Europe IV	30 Warwick Street – London W1B 5AL – UK	EUR	NA	NA	NA	24,500	10,973	98.00%		NA	NA		Asset management
CAIXA Seguros Holding SA[1]	SCN Quadra 01 Lote A Ed. N° 1, 15°, 16° e 17° Andares Brasilia – Brazil	EUR	413,924	18,104	10,793,957	437,321	437,321	50.75%		3,177,210	429,041	140,773	Insurance

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
CBPE VIII	2 George Yard – EC3V 9DH London – UK	GBP	NA	NA	NA	17,958	3,197	100.00%		NA	NA		Asset management
Cicoge [1]	4, place Raoul Dautry – 75015 Paris – France	EUR	37,320	56,648	102,483	198,755	198,755	100.00%	9	8,621	4,616	12,017	Property company
Cimo [1]	4, place Raoul Dautry – 75015 Paris – France	EUR	213,022	123,297	428,179	568,321	568,321	93.03%		20,527	78,045	14,665	Property company
Cleantech Europe II	140 Brompton Road - SW3 1HY London – UK	EUR	NA	NA	NA	19,891	4,891	80.00%		NA	NA		Asset management
CNP Assurances Brasil Holding	Setor Comercial Norte, Quadra 01, Bloco A, n°77, Sala 1702, parte Edificio n°1, CEP 70710-900 Brasila - Brazil	EUR	10,017	9,198	22,276	8,128	8,128	100.00%		0	2,816		Insurance
CNP Assurances Seguros De Vida [1]	M.T. de Alvear 1541 (C1060AAC) – 1001 Buenos Aires – Argentina	EUR	1,690	6,380	38,336	6,060	1,741	76.47%	7	31,683	4,045		Insurance
CNP Caution [1]	4, place Raoul Dautry – 75015 Paris – France	EUR	24,997	15,210	105,106	24,997	15,717	100.00%	0	25,263	(234)		Insurance
CNP Europe Life Limited [1]	Embassy House Herbert Park Lane Ballsbridge Dublin 4 – Ireland	EUR	38,523	18,489	2,183,202	48,240	48,240	100.00%		449,944	229		Insurance
CNP IAM [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	30,500	971,316	7,021,288	245,596	245,596	100.00%	0	1,802,504	(3,991)		Insurance
CNP International [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	22,875	7,834	421,792	23,325	23,325	100.00%	0	72,960	2,979		Insurance
CNP UniCredit Vita SPA [1]	Piazza Durante 11 – 20131 Milan – Italy	EUR	381,699	146,122	12,202,855	726,775	435,700	57.50%		1,982,501	27,421		Insurance
CNP Vida De Seguros Y Reasegur [1]	El Plantio Calle Ochandiano n°10 Planta 2a 28023 Madrid – Spain	EUR	46,877	57,327	1,481,778	78,526	78,526	94.00%		172,598	4,492		Insurance
Cœur Méditerranée [1]	173, boulevard Haussmann – 75008 Paris – France	EUR	40,885	(613)	62,000	28,619	28,619	92.40%	12,933	2,186	1,776	429	Property company
Commercial Real Estate Loans	21, boulevard Grande Duchesse Charlotte – L-1331 Luxembourg	EUR	NA	NA	NA	116,868	116,868	100.00%		NA	NA		Asset management

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
DIF Infrastructure II	WTC Schiphol Airport, Tower D, 10th Floor. Schiphol Boulevard 269. 1118 BH Schiphol. The Netherlands	EUR	NA	NA	NA	20,796	20,796	53.33%		NA	NA	2,928	Asset management
Ecureuil Vie Investment [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	10,935	318,497	345,394	328,338	328,338	100.00%	14,750	0	5,216	5,217	Asset management
ESDF IV	P.O. Box 255 - Trafalgar Court - Les Banques – GY1 3QL – St Peter Port – Guernesey	EUR	NA	NA	NA	17,109	5,016	100.00%		NA	NA		Asset management
Farmoric [1]	Cœur Défense – Tour B – La Défense 4 100, Esplanade du Général de Gaulle – 92400 Courbevoie – France	EUR	85,344	85,302	114,808	85,003	85,003	100.00%	29,431		(42)	0	Property company
Filassistance International [5]	108, Bureaux de la Colline – 92213 Saint-Cloud Cedex – France	EUR	3,500	2,782	14,537	10,087	8,698	99.98%	0	12,094	2,417	3,500	Insurance
Foncière ELBP [1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	5,114	46,028	161,842	51,131	51,131	100.00%	100,314	5,527	(905)	1,406	Property company
Holding Infrastructures Gazier	4, place Raoul Dautry – 75015 Paris – France	EUR	526,370	131,576	658,000	336,980	336,980	51.21%	20	0	(17)		Infrastructure
ITV [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	22,418	21,820	686,229	22,410	22,410	100.00%	0	34,935	619		Insurance
Îlot A5B [1]	4, place Raoul Dautry – 75015 Paris – France	EUR	7,644	1,320	9,085	8,871	8,871	100.00%		0	26		Property company
Infrastructure Partners (MS) [3]	6, place de la République Dominicaine, 75017 Paris – France	USD	53,171	674	54,324	38,353	23,456	64.94%			451	464	Asset management
Issy Vivaldi [1]	8/12 rue des Pirogues de Bercy – 75012 Paris – France	EUR	3,310	27,227	83,811	33,010	33,010	100.00%	46,452	5,673	3,498		Property company
LBP Actifs Immo [1]	147, bd Haussmann – 75008 Paris – France	EUR	420,721	(3,049)	464,380	384,250	384,250	100.00%	30,520	18,403	7,898	5,920	Property company

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
Marfin Insurance Holdings Ltd. [1]	CNP Marfin Laiki Bank, 64 Arch. Makarios III ave. & 1 Karpenisiou Str, 1077 Nicosia – Cyprus	EUR	90	99,476	115,435	145,451	145,451	50.10%			14,935	12,113	Insurance
MFPrévoyance SA [5]	62, rue Jeanne d'Arc – 75640 Paris Cedex 13 – France	EUR	81,774	38,401	434,490	67,853	67,853	51.00%		40,895	8,415	92	Insurance
Montagu IV	2 More London Riverside – SE1 2AP – London – UK	EUR	NA	NA	NA	30,000	2,420	100.00%		NA	NA		Asset management
MTP Invest	173, boulevard Haussmann – 75008 Paris – France	EUR	NA	NA	NA	296,611	296,611	100.00%	41,591	NA	NA		Property company
Ocm European Principal Opp II	333 South Grand Avenue – Los Angeles, CA 90071 – USA	EUR	NA	NA	NA	16,358	14,478	62.64%		NA	NA		Asset management
OPCI AEP 247 [1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	162,708	0	162,818	136,598	136,598	85.42%	0	358	(239)	0	Property company
OREA [1]	41, rue Louise Michel, 92594 Levallois Perret Cedex – France	EUR	72,748	0	72,881	64,928	64,928	100.00%		0	(98)		Property company
Previmut [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	440,001	896	453,891	352,477	347,603	90.00%	0	0	(74,081)		Asset management
Préviposte [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	125,813	174,297	8,382,393	125,770	125,770	100.00%	0	240,944	22,841	6,848	Insurance
Saphirimmo [5]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	2,300	20,678	58,885	22,991	22,991	100.00%	33,310	4,342	1,132	1,994	Property company
SCI Canopée [1]	1, rue de Gramont – 75002 Paris – France	EUR	47,210	(666)	121,842	47,210	47,210	100.00%	69,841	4,731	581		Property company
SCI de la CNP [1]	4, place Raoul Dautry – 75015 Paris – France	EUR	59,711	36,997	103,412	136,383	136,383	100.00%	5,000	5,007	234		Property company
SCI Equinox [1]	1, rue de Gramont – 75002 Paris – France	EUR	41,404	0	108,536	41,400	41,400	100.00%	61,033	8,317	3,056		Property company
SCI Jasmin [1]	1, rue de Gramont – 75002 Paris – France	EUR	19,010	11	49,367	19,010	19,010	100.00%	28,240	3,037	933		Property company
Sogestop G [5]	4, place Raoul Dautry – 75015 Paris – France	EUR	11,167	(11,273)	0	11,167	0	100.00%	121	0	(9)		Asset management
Sunlight [1]	173, boulevard Haussmann – 75008 Paris – France	EUR	59,673	3,340	63,028	30,000	30,000	100.00%	0	0	(3)		Property company
Theemin [1]	8, rue de l'Hôtel de Ville – 92200 Neuilly-sur-Seine – France	EUR	18,200	(18,325)	31,931	84,646	84,646	100.00%			(904)		Property company

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
UBS International Infra Fund [5]	49, avenue Hoche – 75008 Paris – France	EUR	16,020	12,020	31,850	42,108	42,108	100.00%	0		2,387	3,008	Asset management
II - Affiliates (10% to 50% owned)													
17 CAPITAL. 2	7 Curzon Street – W1J 5HG – London – UK	EUR	NA	NA	NA	15,000	0	10.82%		NA	NA		
5-7 rue Scribe [1]	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	479	32,546	87,626	7,302	7,302	15.00%	7,915	5,289	1,905	320	Property company
ALTERCAP LUX I BIS-D	LBO France – 148, rue de l'Université – 75007 Paris – France	EUR	NA	NA	NA	6,670	6,670	23.81%		NA	NA		Asset management
ALTERCAP LUX II	LBO France – 148, rue de l'Université – 75007 Paris – France	EUR	NA	NA	NA	20,518	12,518	15.26%		NA	NA		Asset management
Axa Infrastructure Partners [1]	20, place Vendôme – 75001 Paris – France	EUR	329,693	0	416,715	66,718	44,873	12.90%			2,723	1,593	Asset management
Axa S Coinvest	20, place Vendôme – 75001 Paris – France	EUR	NA	NA	NA	10,300	10,050	22.22%		NA	NA		Asset management
Cabestan Capital	47, rue du Faubourg Saint- Honoré – 75008 Paris – France	EUR	NA	NA	NA	10,000	701	12.50%		NA	NA		Asset management
Capital Regions II	47, avenue George V – 75008 Paris – France	EUR	NA	NA	NA	6,736	5,536	10.00%		NA	NA		Asset management
Cdc Capital III	148, rue de l'Université – 75007 Paris – France	EUR	NA	NA	NA	96,190	76,796	34.77%		NA	NA		Asset management
Cdc Capital III B	148, rue de l'Université – 75007 Paris – France	EUR	NA	NA	NA	153,913	145,082	44.21%		NA	NA		Asset management
Cdc Developpemt Transmission 2	41, avenue de Friedland – 75008 Paris – France	EUR	NA	NA	NA	19,310	15,324	39.89%		NA	NA		Asset management
China Equity Links	TX Private Equity 9, avenue de l'Opéra – 75001 Paris – France	EUR	NA	NA	NA	7,008	2,829	15.83%		NA	NA		Asset management
Clearsight turnaround Fund I	Carinthia House, 9-12 The Grange GY1 4BF – St Peter Port, Guernsey – UK	EUR	NA	NA	NA	8,320	2,650	10.00%		NA	NA		Asset management

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
Clearsight Turnaround Fund II		EUR	NA	NA	NA	25,000	1,250	15.62%		NA	NA		Asset management
CNP Barclays Vida Y Pensiones [(1)]	El Plantio. Calle Ochandiano n°16. Planta 1. 28023 Madrid – Spain	EUR	25,700	94,303	2,380,500	220,077	220,077	50.00%		800,427	37,506	13,652	Insurance
Défense CB3 [(1)]	117, quai du Président Roosevelt – 92130 Issy-les- Moulineaux – France	EUR	38	13,874	148,821	22,604	22,604	25.00%	5,212	17,386	2,874	975	Property company
Développement PME IV	152, avenue de Malakoff – 75116 Paris – France	EUR	NA	NA	NA	27,000	22,008	28.71%		NA	NA		Asset management
D&P V	152, avenue de Malakoff – 75116 Paris – France	EUR	NA	NA	NA	6,000	960	13.33%		NA	NA		Asset management
EPF IV	152, avenue des Champs-Élysées – 75008 Paris – France	EUR	NA	NA	NA	10,000	1,700	12.50%		NA	NA		Asset management
Epl [(5)]	167, quai de la Bataille de Stalingrad – 92867 Issy- les-Moulineaux Cedex – France	EUR	63,809	(4,833)	343,629	39,833	33,982	38.20%	28,384		20,185		Property company
Euroffice [(3)]	1-3, rue des Italiens – 75009 Paris – France	EUR	83,402	(4,223)	269,392	27,341	24,119	24.24%	33,780		5,265		Property company
Foncière Adyton 1 [(2)]	41, rue Louise Michel – 92594 Levallois Perret Cedex – France	EUR	249	19,743	101,069	8,439	8,439	33.33%	12,070	4,905	63	700	Property company
Foncière CNP [(1)]	4, place Raoul Dautry – 75015 Paris – France	EUR	18	6,759	58,881	8,734	8,734	47.92%	17,455	9,586	4,745	2,010	Property company
Foncière Ecureuil II [(2)]	8/12 rue des Pirogues de Bercy – 75012 Paris – France	EUR	63,077	(19,092)	80,892	13,729	11,686	21.77%	7,424	0	2,668		Property company
Fondinvest V	33, rue de La Baume – 75008 Paris – France	EUR	NA	NA	NA	6,743	6,743	14.53%		NA	NA		Asset management
Fondinvest VII	33, rue de La Baume – 75008 Paris – France	EUR	NA	NA	NA	23,787	8,439	40.85%		NA	NA		Asset management
Fondinvest VIII	33, rue de La Baume – 75008 Paris – France	EUR	NA	NA	NA	45,670	21,001	12.10%		NA	NA		Asset management
Hexagone III	148, rue de l'Université – 75007 Paris – France	EUR	NA	NA	NA	15,000	7,238	12.10%		NA	NA		Asset management
Îlot 13 [(1)]	50/56, rue de la Procession – 75015 Paris – France	EUR	45,000	0	105,388	22,500	22,500	50.00%	27,132	11,157	3,660	1,802	Property company

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
La Banque Postale Prévoyance [5]	10, place de Catalogne – 75014 Paris – France	EUR	5,202	111,889	1,126,183	94,061	94,061	50.00%		381,925	30,064	9,503	Insurance
Latour Capital I	31, boulevard de la Tour Maubourg – 75007 Paris – France	EUR	NA	NA	NA	8,000	224	13.34%		NA	NA		Asset management
Logistis 1	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	NA	NA	NA	77,457	77,457	36.45%	24,189	NA	NA	0	Property company
Logistis 2	5, allée Scheffer 2520 Luxembourg – Luxembourg	EUR	NA	NA	NA	27,313	27,313	17.78%	15,854	NA	NA		Property company
Longchamp FCPR Merril Lynch	5, rue de La Baume 75008 Paris – France	EUR	NA	NA	NA	25,000	20,750	23.47%		NA	NA		Asset management
Malthazar	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	NA	NA	NA	15,905	15,905	50.00%	68,012	NA	NA	0	Property company
Mantra Invest Feeder 3	75201 Dallas	EUR	NA	NA	NA	12,000	6,958	24.49%		NA	NA		Asset management
Masseran France Selection 1	Texas	EUR	NA	NA	NA	13,797	8,577	16.66%		NA	NA		Asset management
Meif III Scotland LP	Carinthia House 9-12 The Grange – St Peter Port Guernsey GY 4BF – UK	EUR	NA	NA	NA	70,048	70,048	36.46%		NA	NA		Asset management
Montaigne Capital	28, rue Bayard – 75008 Paris – France	EUR	NA	NA	NA	8,557	6,457	10.37%		NA	NA		Asset management
Ofelia [1]	8/12 rue des Pirogues de Bercy – 75012 Paris – France	EUR	12,609	23,755	40,424	19,629	11,916	33.33%	47,731	0	4,034	2,171	Property company
Office CB 21 [1]	10 avenue Kleber – 75016 Paris – France	EUR	324,270	0	336,300	82,553	82,553	25.00%		0	11,711	3,304	
OFIInfravia [5]	1, rue Vernier – 75017 Paris – France	EUR	60,382	0	59,208	20,201	11,524	11.84%			(4,785)		Asset management
Onze Private Equity	Schuetzenstrasse 6, P.O. Box 8808 Pfaeffikon	EUR	NA	NA	NA	23,668	14,801	21.61%		NA	NA		Asset management
OPC 1 [5]	147, bd Haussmann – 75008 Paris – France	EUR	60,373	(957)	63,323	12,168	12,168	19.94%		3,339	2,976	528	Property company
OPC2 [5]	147, bd Haussmann – 75008 Paris – France	EUR	65,082	0	100,282	26,147	27,505	42.14%		5,391	3,737	1,550	Property company
Orkos III	Orkos Capital 34, boulevard Haussman 75009 Paris – France	EUR	NA	NA	NA	8,000	1,857	10.00%		NA	NA		Asset management

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
PAI Gaillon	5, rue Guillaume Kroll – L1882 Luxembourg – Luxembourg	EUR	NA	NA	NA	11,092	1,380	11.54%		NA	NA		Asset management
Partech Ventures V	49, avenue Hoche – 75008 Paris – France	EUR	NA	NA	NA	8,166	5,966	13.92%		NA	NA		Asset management
PB 6 (1)	8/12, rue des Pirogues de Bercy – 75012 Paris – France	EUR	23,500	(235,925)	158,782	7,622	7,622	25.00%	17,782	21,598	241,326	60,075	Property company
Pbw II Real Estate Fund (3)	5, allée Scheffer – 2520 Luxembourg – Luxembourg	EUR	351,365	(387,533)	498,728	51,946	39,073	14.94%		19,470	36,417		Property company
Pechel Industries III	162, rue du Faubourg Saint Honoré – 75008 Paris – France	EUR	NA	NA	NA	8,999	3,003	10.26%		NA	NA		Asset management
Pechel Pablo Co-Invest	162, rue du Faubourg Saint Honoré – 75008 Paris – France	EUR	NA	NA	NA	10,945	7,678	33.30%		NA	NA		Asset management
Placement Ciloger 3 (1 provisoire)	147, bd Haussmann – 75008 Paris – France	EUR	102,002	108,529	206,798	46,197	46,197	36.24%		13,539	6,527	796	Property company
Plantagenet Capital Europe	39, avenue Pierre 1er de Serbie – 75008 Paris – France	EUR	NA	NA	NA	7,793	0	47.73%		NA	NA		Asset management
Previsol AFJP	25, de Mayo 445 – Capital Federal – Argentina	EUR	NA	NA	NA	7,460	0	29.84%		NA	NA		Insurance
Pyramides 1 (1)	42, av. R. Poincaré – 75116 Paris – France	EUR	51,103	3,031	113,076	23,881	23,881	45.00%	23,246		4,762	1,696	Property company
Reim Eurocore 1 (5)	10, Boulevard Royal – Luxembourg B118 089 – Luxembourg	EUR	10,224	(17,071)	68,720	16,471	0	32.22%	22,714		(2,584)		Property company
SCCD (1)	7, place du Chancelier-Adenauer– 75016 Paris – France	EUR	3,048	4	343,750	27,567	27,567	22.00%	32,185	68,115	51,967	7,129	Property company
Science et Innovation 2001	63, avenue des Champs-Élysées – 75008 Paris – France	EUR	NA	NA	NA	12,523	9,962	11.05%		NA	NA		Property company
SG AM AI Private Value A	2, place de la Coupole – 92078 Paris - La Défense – France	EUR	NA	NA	NA	16,008	8,187	19.61%		NA	NA		Asset management
Sierra Fund	2nd floor Regency Court Glategny Esplanade St-Peter Port. Guernesey GY1 3NQ – UK	EUR	NA	NA	NA	60,134	60,134	11.56%		NA	NA	2,452	Property company

Subsidiaries and affiliates *(In € thousands)*	Headquarters	Currency	Share capital	Reserves and retained earnings	Total assets	Gross value of investment	Carrying amount of investment (of which KNL)	Interest	Loans and receivables	Revenue	Profit or loss	Dividends	Sector
Silverstone (2)	173, boulevard Haussmann – 75008 Paris – France	EUR	113,650	17,033	136,861	20,000	20,000	18.01%		5,777	6,505	*1,699*	Property company
Sino-French Life Insurance (1)	12F, Hua Bin International Plaza, 8 Yong An Dond Li Jian Guao Men Av. Chao Yang District, Beijing, PR. of China	EUR	25,882	(7,035)	101,057	12,250	12,250	50.00%		7,796	(3,851)		Insurance
Siparex Ventures 1	139, rue Vendôme – 69006 Lyon – France	EUR	NA	NA	NA	6,513	0	14.08%		NA	NA		Asset management
Sogestop L (5)	4, place Raoul Dautry – 75015 Paris – France	EUR	22,897	19,725	42,632	18,626	18,626	50.00%	15	0	(13)		Insurance
Unicapital Investments IV	12, avenue Matignon – 75008 Paris – France	EUR	NA	NA	NA	13,140	10,830	15.81%		NA	NA		Asset management
Unicapital Investments V	12, avenue Matignon – 75008 Paris – France	EUR	NA	NA	NA	24,983	15,733	21.47%		NA	NA		Asset management
Unigestion Secondary Opp II	12, avenue Matignon – 75008 Paris – France	EUR	NA	NA	NA	15,000	9,000	50.00%		NA	NA		Asset management
B - Investments with a carrying amount of less than 1% of CNP Assurances' share capital.													
French subsidiaries			–	–	–	19,706	12,585	–	257,812	–	–	19,348	
Foreign subsidiaries			–	–	–	0	0	–	0	–	–	0	
French affiliates			–	–	–	33,987	24,188	–	220,110	–	–	3,944	
Foreign affiliates			–	–	–	8,147	3,512	–	12,681	–	–	0	
C - Aggregate information (A+B)													
French subsidiaries			–	–	–	7,167,985	6,721,604	–	(1,220,819)	–	–	388,888	
Foreign subsidiaries			–	–	–	56,311	26,653	–	0	–	–	464	
French affiliates			–	–	–	1,956,251	1,593,163	–	611,209	–	–	115,898	
Foreign affiliates			–	–	–	69,122	31,283	–	12,681	–	–	0	

(1) Data at 31 December 2011.
(2) Data at 30 September 2011.
(3) Data at 30 June 2011.
(4) Data at 31 March 2011.
(5) Data at 31 December 2010.

4.4.5 Entities for which CNP Assurances has joint and several unlimited liability

Company	Legal form	Headquarters
5/7 RUE SCRIBE	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ALPECUREUIL	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ASSURÉCUREUIL PIERRE	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ASSURÉCUREUIL PIERRE 3	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ASSURÉCUREUIL PIERRE 4	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ASSURÉCUREUIL PIERRE 5	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ASSURÉCUREUIL PIERRE 6	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
ASSURIMMEUBLE	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
CANOPÉE	Non-trading property company	1, rue de Gramont – 75002 Paris – France
CANTIS	Intercompany partnership	16-18, place du Général-Catroux – 75017 Paris – France
CAPTIVA CAPITAL PARTNERS	Partnership limited by shares	41, avenue de la Liberté – L-1931 Luxembourg – Luxembourg
CAPTIVA CAPITAL PARTNERS II	Partnership limited by shares	41, avenue de la Liberté – L-1931 Luxembourg – Luxembourg
CAPTIVA CAPITAL PARTNERS III	Partnership limited by shares	41, avenue de la Liberté – L-1931 Luxembourg – Luxembourg
CDC INTERNATIONAL	Intercompany partnership	56, rue de Lille – 75007 Paris – France
CIMO	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
CNP IMMOBILIER	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
EdR REAL ESTATE	Partnership limited by shares	20, boulevard Emmanuel Servais – L-2535 Luxembourg – Luxembourg
EQUINOX	Non-trading property company	1, rue de Gramont – 75002 Paris – France
FONCIÈRE ADYTON 1	Non-trading property company	41, rue Louise Michel, 92594 Levallois Perret Cedex – France
FONCIÈRE CNP	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
GF DE LA GRANDE HAYE	Co-operative	102, rue de Réaumur – 75002 Paris – France
GIMAR FINANCE	Partnership limited by shares	9, avenue de l'Opéra – 75001 Paris – France
GROUPEMENT PROPRIÉTÉS CDC CNP	Co-operative	45, avenue Victor-Hugo – 93530 Aubervilliers – France
I-CDC	Intercompany partnership	56, rue de Lille – 75007 Paris – France
ÎLOT 13	Non-trading property company	50/56, rue de la Procession – 75015 Paris – France
ÎLOT A5B	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
ISSY DESMOULINS	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
FARMAN	Non-trading property company	4, rue Auber – 75009 Paris – France
ISSY VIVALDI	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
JASMIN	Non-trading property company	1, rue de Gramont – 75002 Paris – France
JESCO	Non-trading property company	4, rue Auber – 75009 Paris – France
KLEMURS	Partnership limited by shares	21, avenue Kléber – 75116 Paris – France
NATURIM	Non-trading property company	41, rue Louise Michel, 92594 Levallois Perret Cedex – France
PARVIS BELVÉDÈRE	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
PÉGASE	Non-trading property company	7, place du Chancelier Adenauer – 75016 Paris – France
FONCIÈRE ELBP (previously PIAL. 22)	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
SAPHIRIMMO (previously PIAL. 23)	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
QUAI DE SEINE	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
REIM EUROCORE 1	Partnership limited by shares	10, boulevard Royal – L-2449 Luxembourg – Luxembourg
RUEIL NEWTON	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
S-CDC	Intercompany partnership	84, rue de Lille – 75007 Paris – France
SCI DE LA CNP	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France

Company	Legal form	Headquarters
SICAC	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
SOCIÉTÉ DU CENTRE COMMERCIAL DE LA DÉFENSE	Non-trading property company	7, place du Chancelier-Adenauer – 75016 Paris – France
VENDÔME EUROPE	Non-trading property company	Cœur Défense Tour B - La Défense 4 - 100, Esplanade du Général de Gaulle – 92932 Paris La Défense Cedex – France
VICTOR HUGO 147	Non-trading property company	4, place Raoul Dautry – 75015 Paris – France
VIVIER MERLE	Non-trading property company	8/12, rue des Pirogues de Bercy – 75012 Paris – France
WEINBERG REAL ESTATE PARTNERS	Partnership limited by shares	46A avenue J.F. Kennedy – L-1855 Luxembourg – Luxembourg
WHITEHALL 2008	Partnership limited by shares	9-11, Grande-Rue – L-1661 Luxembourg – Luxembourg

4.5 OWNERSHIP STRUCTURE

4.5.1 Composition of share capital

Number of shares	31.12.2011	31.12.2010
Number of ordinary shares outstanding	594,151,292	594,151,292
Number of treasury shares	(2,367,164)	(2,498,261)
Number of ordinary shares giving entitlement to a dividend	591,784,128	591,653,031

4.5.2 Treasury shares

Movements over the reporting period:

Movements	Number of shares
Acquisitions	10,629,183
Disposals	10,760,280

Number of shares and value at closing:

Movements	31.12.2011	31.12.2010
Number of shares	2,367,164	2,498,261
Carrying amount of treasury shares in euros	24,920,723	34,643,035

4.6 RESERVES, EQUITY, REVALUATION RESERVE

In € thousands

Name	Nature of reserve	31.12.2010	Appropriation of 2010 profit	2011 profit	Revaluation of employee benefit plans	Change over the period	31.12.2011
Share capital	Statutory	594,151				-	594,151
Share premium reserve	Statutory	981,500				-	981,500
Forest revaluation reserve	Tax-regulated	21,564				-	21,564
Special reserve for long-term capital gains	Tax-regulated	1,396,309				-	1,396,309
Capitalisation reserve	Tax-regulated	1,433,769				313,949	1,747,718
Guarantee fund reserve	Tax-regulated	48,825	4,278				53,103
Optional reserves	Other	2,686,595	(375,851)				2,310,744
Contingency reserve	Other	338,850					338,850
Impact on property-based equity	Other	(62,334)			(12,700)		(75,034)
Provisions for other-than-temporary impairment	Tax-regulated	(3,568)					(3,568)
Retained earnings		(126,814)	127,928				1,114
Net profit for the year		212,772	(212,772)	473,121			473,121
TOTAL		**7,521,619**	**(456,417)**	**473,121**	**(12,700)**	**313,949**	**7,839,572**

4.7 OTHER DISCLOSURES CONCERNING THE BALANCE SHEET

4.7.1 Accruals and prepayments

In € thousands	31.12.2011		31.12.2010	
Accrual/prepayment accounts	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Accrued interest not yet payable	2,940,709		3,180,494	
Deferred acquisition costs	478		593	
Deferred expenses				
Prepaid expenses	1,184,758		935,988	
Accrued income	51,644		46,828	
Amortisation by the effective interest method (income)	3,175,389		2,915,555	
Unearned income		490,831		281,377
Amortisation by the effective interest method (expense)		1,220,087		1,473,893
Unearned interest income		52,496		36,905
TOTAL	**7,352,978**	**1,763,414**	**7,079,458**	**1,792,175**

4.7.2 Accrued receivables and payables

In € thousands

Balance sheet	Accrued income 31.12.2011	Accrued income 31.12.2010	Accrued expenses 31.12.2011	Accrued expenses 31.12.2010
Other receivables:	**248,060**	**257,374**	**106,375**	**224,011**
■ Receivables from employees				2,186
■ Sundry receivables	248,060	257,374	106,375	221,825
Accrued income and prepaid expenses	**2,992,353**	**3,227,292**		
■ Prepaid interest and lease payments	2,940,709	3,180,493		
■ Deferred acquisition costs				
■ Other accrued income and prepaid expenses	51,644	46,799		
Other payables:			**1,237,080**	**1,642,604**
■ Employee benefits expense payable			228,696	218,543
■ Sundry payables			1,008,384	1,424,061
TOTAL	**3,240,413**	**3,484,666**	**1,343,455**	**1,866,615**

In € thousands

Balance sheet	Unearned income 31.12.2011	Unearned income 31.12.2010	Prepaid expenses 31.12.2011	Prepaid expenses 31.12.2010
Accrued income and prepaid expenses			**4,360,625**	**3,852,166**
■ Deferred acquisition costs			478	593
■ Amortisation by the effective interest method			3,175,389	2,915,555
■ Other accrued income and prepaid expenses			1,184,758	936,018
Deferred income and accrued expenses	**1,763,414**	**1,792,175**		
■ Unearned income	1,710,918	281,377		
■ Amortisation by the effective interest method		1,473,893		
■ Unearned interest income	52,496	36,905		
TOTAL	**1,763,414**	**1,792,175**	**4,360,625**	**3,852,166**

4.7.3 Breakdown of provisions for liabilities and charges

In € thousands

Nature of provision	Purpose	31.12.2011	31.12.2010
Revaluation provision	Revaluation of the property portfolio	2,682	2,793
Hurricane-related provision	Provision for the costs of replanting/restoring forests		
Foreign exchange provision	Provision for foreign exchange losses	754	754
Other provisions	Provision for litigation and miscellaneous risks	44,847	52,199
TOTAL		**48,283**	**55,746**

4.7.4 Assets denominated in foreign currency

At 31 Dec Balance sheet	Currency	Foreign currency units *(Thousands)*	Equivalent value *In € thousands*
Other investments		**1,040,747**	**865,744**
	US dollar	855,419	661,117
	Swedish krona	476	53
	Swiss franc	44,439	36,475
	Pound sterling	140,413	168,099

4.8 BREAKDOWN OF THE CHANGE IN LIFE PREMIUM RESERVES BEFORE REINSURANCE

In € thousands	31.12.2011	31.12.2010
In profit or loss		
1 Change in life premium reserves	54,984	5,882,926
2. Profit-sharing and participation in underwriting surplus included directly	6,399,960	7,206,397
Underwriting surplus included	1,763,082	1,814,047
Profit-sharing included	4,636,878	5,392,350
3. Use of policyholder surplus reserve	878,925	878,808
4. Portfolio transfers	(7,438)	(58,133)
TOTAL	**7,326,431**	**13,909,998**
In the balance sheet		
Change in mathematical reserves		
1 Unearned premium reserves – end of period	223,166,691	215,840,260
2. Unearned premium reserves – start of period	(215,840,260)	(201,930,262)
TOTAL	**7,326,431**	**13,909,998**

4.9 BREAKDOWN OF MATHEMATICAL RESERVES FOR PERP PLANS

In € thousands	31.12.2011	31.12.2010
Traditional savings insurance commitments – mathematical reserves for annuity payments	600,577	525,434
Traditional savings insurance commitments	92,676	98,691
Special mathematical reserves for annuity-linked commitments	169,007	139,670
TOTAL	**862,260**	**763,795**

4.10 LIQUIDITY RISK RESERVE

In € thousands	31.12.2011	31.12.2010
Total unrealised losses – Article R. 331-5-1 of the French Insurance Code	**(534,234)**	**(2,684,638)**
Gross amount of liquidity risk reserve for other technical reserves	**23,016**	**7,012**
Amount of deferred liquidity risk reserve	**10,279**	**33**
Actual net profit, excluding impact of PRE-related expense transfers	**466,574**	**220,939**

NOTE 5 Income statement

5.1 BREAKDOWN OF INVESTMENT INCOME AND EXPENSES

In € thousands	31.12.2011 Income and expenses from investments in subsidiaries	31.12.2011 Other financial income and expense	31.12.2011 Total	31.12.2010
Investment income				
Income from investments in subsidiaries and affiliates	198,047	12,170	210,217	184,874
Income from property investments	14	415,564	415,578	327,621
Income from other investments		8,337,284	8,337,284	8,040,748
Other financial income (commissions, fees)	16,889	413,409	430,298	339,326
Income from financial investments	**214,950**	**9,178,427**	**9,393,377**	**8,892,569**
Other investment income	**8,744**	**1,202,777**	**1,211,521**	**828,312**
Profits on disposal of investments	**715**	**2,980,479**	**2,981,194**	**3,248,641**
Total investment income	**224,409**	**13,361,683**	**13,586,092**	**12,969,522**
Investment expenses				
Financial expenses (commissions, fees, interest, overdraft charges, etc.)	150	547,941	548,091	423,176
Other investment expenses	170,850	3,306,018	3,476,868	958,209
Losses on disposal of investments	1,185	2,417,966	2,419,151	2,988,552
Total investment expenses	**172,185**	**6,271,925**	**6,444,110**	**4,369,937**
NET INCOME FROM INVESTMENTS	**52,224**	**7,089,758**	**7,141,982**	**8,599,585**

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5.2 BREAKDOWN OF INCOME AND EXPENSES FROM TECHNICAL OPERATIONS

LIFE *in € thousands*

Categories 1-19 At 31 December 2011	Endowment policies with single premiums (or additional payments)	Individual term life insurance policies (including open group policies)	Other individual term life insurance policies with single premiums (or additional payments) (including open group policies)	Other individual term policies with regular premiums (including open group policies)	Group whole life cover policies
Earned premiums	28,522	90,632	16,484,604	62,190	1,601,166
Claims and benefits	49,518	30,771	15,536,148	139,812	621,108
Change in life premium reserves and other technical reserves	(23,301)	(4,204)	(435,871)	(86,859)	(46,547)
Mark-to-market adjustment for gains on assets held to cover linked liabilities					
Underwriting profit (loss)	**2,305**	**64,065**	**1,384,327**	**9,237**	**1,026,605**
Business acquisition costs	185	7,217	252,290	3,081	658,477
Other contract administration costs, net	1,186	17,337	962,939	3,451	225,357
Acquisition and contract administration costs	**1,371**	**24,554**	**1,215,229**	**6,532**	**883,834**
Net income from investments	15,235	353	6,257,503	43,903	39,712
Profit sharing and participation in underwriting surplus	13,161	2,379	6,545,816	51,943	4,106
Balance	**2,074**	**(2,026)**	**(288,313)**	**(8,040)**	**35,606**
Ceded premiums		64,298	21,448	1,081	169,667
Reinsurers' share of claims and benefits		27,019	480	4,273	74,217
Reinsurers' share of change in life premium reserves and other technical reserves		(17,206)	(1)	28	(3,603)
Reinsurers' share of profit sharing					2,992
Reinsurance commissions received		49,670		156	59,998
Reinsurance balance		**(4,815)**	**(20,969)**	**3,376**	**(36,063)**
Underwriting result	**3,008**	**32,670**	**(140,184)**	**(1,959)**	**142,314**
Off-account items					
Policy surrenders	18,841	1,369	9,454,980	56,052	268
Gross underwriting surplus	1,302	1,712	1,652,015	48,990	
Technical reserves – end of period	583,026	84,590	207,924,143	1,415,054	1,410,407
Technical reserves – start of period	607,123	85,761	201,229,547	1,454,026	1,385,487

* *Including PERP plans in accordance with Article L. 441.*

Group life policies	Unit-linked life or endowment policies with single premiums (or additional payments)	Unit-linked life or endowment policies with regular premiums	Group policies governed by Article L. 441.1 of the French Insurance Code *	PERP	Inward reinsurance (life)	Total
215,868	1,918,186	34,465	527,774	113,349	222,767	21,299,523
221,976	1,061,329	149,070	346,306	12,067	90,634	18,258,739
25,751	(922,346)	(123,808)	264,533	81,394	16,217	(1,255,041)
	(1,677,000)	8,372		(13,862)		(1,682,490)
(31,859)	**102,203**	**17,575**	**(83,065)**	**6,026**	**115,916**	**2,613,335**
(7,656)	55,127	196	24,414		1,371	994,702
5,133	97,802	1,040	13	10,187	611	1,325,056
(2,523)	**152,929**	**1,236**	**24,427**	**10,187**	**1,982**	**2,319,758**
107,378	280,187	11,447	165,350	27,311	12,773	6,961,152
123,263	138,447	12,771	373,260	23,100	31,835	7,320,081
(15,885)	**141,740**	**(1,324)**	**(207,910)**	**4,211**	**(19,062)**	**(358,929)**
27,282	97,658		253,781		15,904	651,119
21,467	264		193,550		684	321,954
6,787	95,698		93,987		6,760	182,450
21,059	2,299		217,751			244,101
174	9				7,623	117,630
22,205	**612**		**251,507**		**(837)**	**215,016**
(23,016)	**91,626**	**15,015**	**(63,895)**	**50**	**94,035**	**149,664**
39,760	721,445	34,703		11,407	3,032	10,341,857
51,534	1	9,654	1,001		1,766,209	3,532,418
4,074,575	19,523,986	768,499	12,682,817	876,487	573,907	249,917,491
3,932,586	20,795,008	888,316	12,044,456	772,077	576,068	243,770,455

NON-LIFE *in € thousands*

Categories 20 - 39 At 31 December 2011	Individual bodily insurance policies	Group bodily insurance policies	Inward reinsurance	Total
Earned premiums	**4,831**	**16,305**	**24,484**	**45,620**
1a. Earned premiums	4,828	16,305	24,484	*45,617*
1b. Change in earned premiums reserve and unsettled claims	(3)			*(3)*
Claims and benefits	97	13,161	22,123	35,381
2a. Paid benefits and expenses	466	18,041	19,242	*37,749*
2b. Change in reserves for outstanding claims and miscellaneous expenses	(369)	(4,880)	2,881	*(2,368)*
Underwriting profit (loss)	**4,734**	**3,144**	**2,361**	**10,239**
Business acquisition costs	130	2,068	140	2,338
Other contract administration costs, net	48	257	4	309
Acquisition and contract administration costs	**178**	**2,325**	**144**	**2,647**
Investment income	1,327	4,218	180	5,725
Policyholder dividends	(79)		94	15
Balance	**1,406**	**4,218**	**86**	**5,710**
Reinsurers' share in earned premiums		168,988	4,998	173,986
Reinsurers' share in paid claims				
Reinsurers' share of reserves for outstanding claims		201,254	4,000	205,254
Reinsurers' share of profit sharing	6			6
Reinsurance commissions received				
Reinsurance balance	**6**	**32,266**	**(998)**	**31,274**
Underwriting result	**5,968**	**37,303**	**1,305**	**44,576**
Off-account items				
Provisions for unearned premiums and unsettled claims (closing balance)	17			17
Provisions for unearned premiums and unsettled claims (opening balance)	20			20
Unexpired risks reserve (closing balance)	(327)		7,574	7,247
Unexpired risks reserve (opening balance)	443		7,011	7,454
Other technical reserves (closing balance)	28,637	188,714	3,150	220,501
Other technical reserves (opening balance)	28,315	193,594	738	222,647

5.3 EMPLOYEE BENEFITS EXPENSE

Employee benefits expense can be broken down as follows:

In € thousands	31.12.2011	31.12.2010	Year-on-year change
Salaries	176,069	165,924	6.1%
Social security charges	71,444	86,239	(17.2%)
Other	5,526	5,671	(2.6%)
TOTAL	**253,039**	**257,834**	**(1.9%)**

5.4 COMMISSIONS

The amount of commission arising from insurance transactions recognised during the period was €1,934,949 thousands and includes all types of commissions paid to CNP Assurances' partners that distribute its products.

5.5 BREAKDOWN OF EXCEPTIONAL, NON-TECHNICAL OPERATIONS

In € thousands

Income statement	31.12.2011	31.12.2010
Breakdown of other (non-technical) income	**368,421**	**11,190**
Interest received on sundry loans	356,666	23,618
Other income	1,509	28
Expense deferred pursuant to Article R. 331-5-4 of the French Insurance Code	10,246	(12,456)
Breakdown of other (non-technical) income	**185,674**	**12,105**
Communication expenses	185,674	12,105
Breakdown of exceptional income	**69,742**	**66,083**
Exceptional income	38,356	63,699
Reversal of provisions	31,386	2,384
Breakdown of exceptional expenses	**41,284**	**77,905**
Prior-period losses	11,726	61,558
Exceptional expenses for the period	3,415	14,123
Disposal of business premises		
Additions to provisions	26,143	2,224

5.6 INCOME TAX EXPENSE

In € thousands

Breakdown of income tax expense	31.12.2011	31.12.2010	Year-on-year change
Tax expense on recurring operations	77,045	46,156	
Tax expense on non-recurring operations*	21,000		
Income tax	**98,045**	**46,156**	**112.4%**

* *As part of the reorganisation of its Brazilian businesses at end-2011, CNP Assurances set aside a provision for tax expense on non-deferrable taxable gains.*

At 31 December 2011, the CNP Assurances tax group income tax expense for the period amounted to €122 million, however due to partial payments made during the period it has a tax credit of €150 million with the French tax authorities.

5.7 POLICYHOLDER PARTICIPATION IN UNDERWRITING AND FINANCIAL PROFIT

In € thousands

Description	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
A. Policyholder dividends	**7,320,095**	**8,812,656**	**8,200,118**	**6,870,424**	**7,398,508**
A1. Policy-based participation (including underwriting surplus)	7,357,847	8,811,917	8,255,903	7,294,578	7,231,051
A2. Change in the policy-holder surplus reserve	(37,752)	739	(55,785)	(424,154)	167,458
B. Policyholder participation in policies governed by Article A. 132.2 (1)					
B1. Average mathematical reserves (1)	214,364,250	204,077,943	190,213,416	176,166,996	161,154,346
B2. Minimum dividends payable to policyholders (3)	4,184,024	4,976,167	5,582,383	4,295,598	5,264,174
B3. Actual policyholder dividends (2) (3)	5,613,395	6,924,295	6,514,975	5,509,731	6,410,968
B3a. Policy-based participation (including underwriting surplus)	5,656,802	6,265,514	6,573,179	5,936,413	6,240,936
B3b. Change in the policy-holder surplus reserve	(43,408)	658,781	(58,204)	(426,682)	170,032

(1) *Half of the sum of the opening and closing mathematical reserve balances, corresponding to categories covered by Article A. 331.3.*
(2) *Actual participation (expense for the period, including underwriting surplus), corresponding to categories covered by Article A. 331.3.*
(3) *Participation net of deductions from plan assets from 2007 on (gross participation for previous periods).*

5.8 WORKFORCE

The workforce can be broken down by category at 31 December 2011 as follows:

Headcount

Status	31.12.2011	31.12.2010	Year-on-year change
Management-grade	1,742	1,712	1.8%
Non management-grade	1,335	1,356	(1.5%)
TOTAL	**3,077**	**3,068**	**0.3%**

Headcount figures exclude employees from the GIP GIE (intercompany partnership).

5.9 MANAGEMENT REMUNERATION

The following disclosures present the cumulative remuneration (by remuneration category) of the members of the Board of Directors of CNP Assurances, including the Chairman of the Board of Directors and the Chief Executive Officer.

2011

- Short-term benefits: the short-term benefits (salaries, bonuses, directors' fees and benefits in kind) paid to the members of the Board of Directors of CNP Assurances, including the Chairman of the Board of Directors and the Chief Executive Officer in 2011, amounted to €1,869,813.
- Long-term benefits: the cumulative amounts provided for, or recognised in respect of pension or other retirement benefits for the Chief Executive Officer and the Chairman of the Board of Directors total €4,684,072.
- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payments: no share-based payments were made in 2011. No stock options or performance shares were granted to any CNP Assurances senior executives or members of the Board.

2010

- Short-term benefits: the short-term benefits (salaries, bonuses, directors' fees and benefits in kind) paid to the members of the Board of Directors of CNP Assurances, including the Chairman of the Board of Directors and the Chief Executive Officer in 2010, amounted to €1,878,665.
- Long-term benefits: the cumulative amounts provided for, or recognised in respect of pension or other retirement benefits for the Chief Executive Officer and the Chairman of the Board of Directors total €3,787,210.
- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payments: no share-based payments were made in 2010. No stock options or performance shares were granted to any CNP Assurances senior executives or members of the Board.

5.10 FIVE-YEAR FINANCIAL SUMMARY

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Capital at 31 December					
Share capital *(in € thousands)*	594,151	594,151	594,151	594,151	594,151
Number of ordinary shares outstanding**	594,151,292	594,151,292	594,151,292	594,151,292	594,151,292
Results of operations *(in € thousands)*					
Premium income excluding tax	21,345,143	23,948,663	24,376,642	22,817,647	25,010,601
Earnings before tax, depreciation, amortisation and provisions (EBITDA)	589,153	282,402	1,099,789	1,301,111	1,295,608
Income tax expense	98,045	46,156	142,505	260,975	285,510
Net profit	473,121	212,772	934,268	970,903	922,744
Earnings per share *(in €)***					
Earnings before tax, depreciation, amortisation and provisions (EBITDA)	0.99	0.48	1.85	2.19	2.18
Net profit	0.80	0.36	1.57	1.63	1.55
Dividends per share*	0.77	0.77	0.75	0.71	0.71
Employee benefits expense payable					
Average number of employees	3,077	3,068	3,432	3,357	3,261
Total payroll and benefits *(in € thousands)*	253,039	257,834	269,182	254,496	242,250

* *Recommended 2011 dividend to be paid in 2012. The share par value was divided by four (4-for-1 stock split) on 6 July 2010.*

** *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.*

5.11 PREMIUM INCOME BY GEOGRAPHICAL SEGMENT

Gross
In € thousands

Premium income by geographical segment	31.12.2011	31.12.2010	%
France	21,239,918	23,824,251	(10.8%)
International operations	105,225	124,412	(15.4%)
Italian branch	103,015	81,162	26.9%
Spanish branch	272	546	(50.2%)
Cofidis European Union	1,938	42,704	(95.5%)
TOTAL	**21,345,143**	**23,948,663**	**(10.87%)**

5.12 FEES PAID TO THE AUDITORS IN 2011

In € thousand

Fees paid to the Auditors in 2011

Audit fees	Mazars & Guerard	%	Price Waterhouse Coopers	%
Audit of the financial statements of the Company and the Group	**775**	**91%**	**777**	**79%**
CNP Assurances	775		777	
Other audit and special engagements*	**74**	**9%**	**203**	**21%**
TOTAL	**849**	**100%**	**980**	**100%**

* *Other audit and special engagements mainly concern services related to business acquisitions.*

NOTE 6 Off-balance sheet commitments

In € thousands	Amounts at 31 December 2011		Residual term		
Forward financial instrument strategy	**Commitments received**	**Commitments given**	**1 year or less**	**1 to 5 years**	**Over 5 years**
Return strategy					
Forward financial instruments – Equities					
Purchases of call – put options	5,565,120		5,509,828	55,292	
Sales of call – put options		5,401,654	5,401,654		
Forward financial instruments – Interest rates					
Purchases of caps	58,008,700		4,700,000	25,142,000	28,166,700
Sales of caps		30,547,900	134,000	12,489,000	17,924,900
Swaps					
Receive swap positions	4,947,680		591,031	1,232,746	3,123,903
Pay swap positions		5,017,154	815,866	1,229,567	2,971,721
TOTAL RECEIVED	**68,521,500**		**10,800,859**	**26,430,038**	**31,290,603**
TOTAL GIVEN		**40,966,708**	**6,351,520**	**13,718,567**	**20,896,621**
FORWARD FINANCIAL INSTRUMENTS IN PROGRESS	**27,554,792**		**4,449,339**	**12,711,471**	**10,393,982**

Forward financial instrument adjustment accounts (unamortised premiums) mainly correspond to yield strategies on purchases of caps.

NOTE 7 Disclosures related to subordinated debts

REDEEMABLE SUBORDINATED DEBT

Issuance date	Legal form	ISIN code	Currency	Total issue (in issue currency [millions])	Total issue *(in € millions)*	Interest rate	Maturity
11.04.2011	Fixed/ variable rate Redeemable subordinated debt	FR0000485294	GBP	300	359	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	30.09.2021
07.04.2011	Fixed/ variable rate Redeemable subordinated debt		Euros	700	700	6.875% until Sept. 2021, then 12-month Euribor +440 bps	30.09.2021
25.04.2003	Fixed/ variable rate Redeemable subordinated Debt	FR0000474421	Euros	300	300	5.25% until 2013, then 3-month Euribor +200 bps through 2023	16.05.2023
24.06.2003	Fixed/ variable rate Redeemable subordinated debt	Caisse Nationale des Caisses d'Épargne et de Prévoyance	Euros	200	200	4.7825% until 24.06.2013, then Euribor +200 bps	24.06.2023
15.11.2004	Fixed/ variable rate Redeemable subordinated debt	Caisse Nationale des Caisses d'Épargne et de Prévoyance	Euros	90	90	4.93% until 15.11.2016, then Euribor +160 bps	Undated
15.11.2004	Fixed/ variable rate Redeemable subordinated debt	Caisse Nationale des Caisses d'Épargne et de Prévoyance	Euros	93	93	3-month Euribor + 70 bps until 15.11.2016, then 3-month Euribor +160 bps	Undated
14.09.2010	Fixed/ variable rate Redeemable subordinated debt	FR0010941484	Euros	750	750	6% until Sept. 2020, then 3-month Euribor +447.2 bps	14.09.2040
TOTAL REDEEMABLE SUBORDINATED DEBT				**2,433**	**2,492**		

SUBORDINATED DEBT

Issuance date	Legal form	ISIN code	Currency	Total issue (in issue currency [millions])	Total issue *(in € millions)*	Interest rate	Maturity
21.06.2004	Subordinated debt Variable rate	HSBC	Euros	250	250	Tec 10 +10 bps, capped at 9%	Perpetual
24.09.2004	Subordinated debt Variable rate	HSBC	Euros	50	50	Tec 10 +10 bps, capped at 9%	Perpetual
11.03.2005	Subordinated debt Variable rate	ABN AMRO	Euros	23.75	23.75	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	Perpetual
11.03.2005	Subordinated debt Variable rate	ABN AMRO	Euros	225	225	6.5% until March 2008, then 3% +22.5% times 10-year EUR CMS	Perpetual
27.06.2005	Subordinated debt Variable rate	Deutsche Bank	Euros	75	75	7% until June 2010, then 10-year CMS +30 bps	Perpetual
16.05.2006	Subordinated debt Variable rate	IXIS CIB	Euros	160	160	5.25% until 16.05.2036, then 3-month Euribor +185 bps (including 100 bps step up at the call date)	Perpetual
22.12.2006	Subordinated debt Fixed rate	IXIS CIB	Euros	1,250	1,250	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	Perpetual
20.12.2006	Subordinated debt Variable rate	Caisse Nationale des Caisses d'Épargne et de Prévoyance	Euros	108	108	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	Undated
TOTAL SUBORDINATED DEBT				**2,142**	**2,142**		
TOTAL SUBORDINATED LIABILITIES				**4,575**	**4,634**		

4.4. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying financial statements of CNP Assurances;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II JUSTIFICATION OF OUR ASSESSMENTS

The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2011 were made in an uncertain environment resulting from the financial crisis in eurozone countries, in particular in Greece, accompanied by a liquidity and economic crisis, which makes it difficult to assess the economic outlook. It is in this context that, in accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*), we carried out our own assessments, which we bring to your attention:

- certain technical items specific to insurance and reinsurance, on both the assets and liabilities sides of the balance sheet, such as technical reserves, are estimated based on statistical and actuarial considerations. The methods used to determine these items are discussed in Notes 3.5, 3.6 and 3.7 to the financial statements;
- we verified that the methods and assumptions used were reasonable, in particular in view of the Company's regulatory environment and experience.

The provisions for impairment of the securities portfolio are measured in accordance with the methods set forth in Note 3.3 to the financial statements. In the context of the financial crisis, we verified the methods used to identify the Group's exposure and to measure and calculate impairment of financial instruments;

- we verified that the measurement of these provisions, in relation to the assets falling within the scope of Article R. 332-20 of the French Insurance Code (*Code des assurances*), was consistent with the Company's intention to hold these securities and examined, as necessary, the data, assumptions applied and documentation prepared by CNP Assurances within this framework;
- we reviewed the Company's own analyses on the potential risks regarding assets falling within the scope of Article R. 322-19 of the French Insurance Code and in particular sovereign debt, its valuation and its accounting treatment;
- we examined the information provided by management concerning the business activities, the anticipated future prospects, and the criteria and assumptions applied to determine the values in use of the various investment securities and the resulting provisions;
- we obtained assurance that the information relating to financial instruments provided in the notes to the financial statements was appropriate.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments, controlling interests and the identity of shareholders has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 7 March 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Eric Dupont	Jean-Claude Pauly

5 ADDITIONAL INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

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5.1. GENERAL INFORMATION

Company information

5.1.1. Name, headquarters, Trade and Companies Registry number and APE business identifier code

CNP Assurances

4, place Raoul Dautry

75716 Paris Cedex 15

Paris Trade and Companies Registry number 341 737 062 – APE business identifier code: 6511 Z

5.1.2. Legal form and governing law

CNP Assurances is a French *société anonyme* (public limited company) created in its current legal form by French Act No. 92-665 of 16 July 1992 adapting insurance and credit legislation to the single European market.

The General Meeting of 10 July 2007 approved a change in CNP Assurances' governance structure, replacing the two-tier structure with a Supervisory Board and an Executive Board by a new governance structure with a Board of Directors only.

Its activities are supervised by the French prudential control authority appointed by the French State (*Autorité de Contrôle Prudentiel* – ACP). CNP Assurances is listed on NYSE Euronext Paris and is also regulated by the AMF.

5.1.3. Date of incorporation and term of the Company

The origins of the Company date back to 1850 when the National Insurance Funds (*Caisses nationales d'assurance*) were founded. CNP Assurances was created in 1959 and was given the status of a public industrial and commercial establishment (*Établissement public à caractère industriel et commercial* – EPIC) by French Decree No. 87-833 of 12 October 1987. Its current status, that of a *société anonyme d'assurance*, results from Act No. 92-665 of 16 July 1992 (Official Journal of 17 July 1992). CNP Assurances is a public sector company.

The Company was incorporated for a term of 99 years, until 15 July 2086.

5.1.4. Corporate purpose (Article 2 of the Articles of Association)

The Company's purpose is to:

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

For this purpose, it can:

- hold stakes in companies whose business activities may assist it in performing the corporate purpose; and
- more generally carry out all operations of any kind whatsoever directly or indirectly related to this purpose and liable to facilitate its development or performance.

5.1.5. Financial year

1 January to 31 December (the calendar year).

5.1.6. Appropriation and allocation of profit (Article 30 of the Articles of Association)

Net income for the financial year as shown by the annual statement of assets and liabilities, after deduction of overheads and other payroll charges, all depreciation and amortisation of assets and all contingency provisions, forms net profit.

Distributable profit consists of the profit for the financial year, less prior losses and amounts appropriated to the reserves pursuant to the law and the Articles of Association, and increased by retained earnings.

On the recommendation of the Board of Directors, the Ordinary General Meeting may decide to allocate any amounts it considers appropriate to retained earnings or to one or more extraordinary, general or special reserve funds. They may be allocated in any manner decided by the General Meeting, on the recommendation of the Board of Directors. It may also decide, on the recommendation of the Board of Directors, to distribute all or part of the profit in the form of dividends.

The General Meeting may decide to grant each shareholder an option of either payment in cash or in shares, for all or part of the dividend distributed or the interim dividends.

5.1.7. Admission to General Meetings and exercise of voting rights by shareholders

GENERAL MEETINGS (EXTRACT FROM ARTICLE 28 OF THE ARTICLES OF ASSOCIATION – GENERAL MEETINGS)

"(…) 3. Shareholders who are unable to attend General Meetings in person may choose one of the following three possibilities:

- *give a proxy to another shareholder or to their spouse, or in the case of shareholders not residing in France, to the registered intermediary (within the meaning of Article L. 228 3-2 of the French Commercial Code) or to any other person recognised by the laws or regulations; or*

- *vote by correspondence; or*
- *send a signed proxy form to the Company without naming a person to represent them, under the conditions provided for by law and the regulations.*

Under the conditions provided for by law and the regulations, shareholders may send in their proxy form and form for voting by correspondence with regard to any General Meeting, either in paper format, or on the decision of the Board of Directors, set out in the published notice of meeting and the notice of meeting sent to shareholders, by remote transmission, including by any electronic means of telecommunication.

The form for voting by correspondence or proxy form, as well as the share ownership certificate may be prepared on an electronic medium duly signed under the conditions provided for by the applicable legal and regulatory provisions. For this purpose, the entry of the choices made and the electronic signature of the form may be made directly on the website set up by the General Meeting department. The electronic signature of the form may be made by entering, under conditions that comply with the provisions of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code (Code civil), a username and a password or by any other process meeting the conditions defined in the first sentence of the second paragraph of this same Article. The proxy or vote expressed in this manner prior to the General Meeting via this electronic means as well as the acknowledgement of receipt that is given therefor, where applicable, will be considered as irrevocable written instruments that are enforceable on everyone, except in the case of sales of shares which are the subject of the notification provided for in paragraph IV of Article R.225-85 of the French Commercial Code and that is set out immediately hereinafter.

Holders of bearer shares who have already voted online, sent in a postal vote or a form or proxy or requested an admission card or a share ownership certificate may nevertheless decide on the date of the meeting to participate by another method if the technical means make it possible for the Company, together with the custodian account keeper, to immediately "cancel" the vote already cast at the place of the General Meeting."

VOTING RIGHTS

Each shareholder has as many votes at an Ordinary or Extraordinary General Meeting as the shares with voting rights he owns or represents.

CONDITIONS FOR HAVING DOUBLE VOTING RIGHTS

Not applicable.

5.1.8. Existence of disclosure thresholds (Article 11.3 of the Articles of Association)

DISCLOSURE THRESHOLDS WITH REGARD TO THE HOLDING OF THE SHARE CAPITAL OR VOTING RIGHTS PROVIDED FOR IN THE ARTICLES OF ASSOCIATION

"Any person who, acting alone or in concert, raises his direct or indirect interest in the capital or voting rights to at least 0.5%, 1% or any multiple of 1% is required to notify the Company by registered letter with return receipt requested within four days of the recording in the share account of the shares that lead to this threshold being reached or crossed, of the total number of shares and the number of voting rights held. The same disclosure formalities shall apply when each of these disclosure thresholds is crossed or in the case of a reduction in a shareholder's interest to below a disclosure threshold.*

(...)

The above disclosure thresholds are an addition to the disclosures of thresholds provided by law."

In connection with the application of this provision of the Articles of Association, CNP Assurances has been notified that: Silchester International Investors LLP exceeded the 0.5% threshold on 19 April 2011, the 1% threshold on 25 May 2011 and the 2% threshold on 27 September 2011, at which date it held 11,927,171 shares in CNP Assurances and an equal number of voting rights; Amundi Asset Management exceeded the 0.5% threshold on 9 May 2011, at which date it held 3,779,227 shares in CNP Assurances and an equal number of voting rights; Sanderson Asset Management Limited exceeded the 0.5% threshold on 17 July 2011, at which date it held 3,050,000 shares and an equal number of voting rights.

* *Provided that the Articles of Association are updated by shareholders at their 2012 General Meeting.*

5.2. GENERAL INFORMATION

Information about the Company's capital

5.2.1. Share capital, par value of the shares

Amount of fully subscribed and paid-up share capital at 31 December 2011:

€594,151,292, divided into 594,151,292 shares with a par value of €1.

5.2.2. Delegations of authority

5.2.2.1 DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS TO ISSUE SHARES

Eleventh and twelfth resolutions adopted by the annual Ordinary and Extraordinary General Meeting of 6 May 2011.

5.2.2.2 DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS WITH A VIEW TO GRANTING SHARES

Thirteenth resolution adopted by the annual Ordinary and Extraordinary General Meeting of 6 May 2011.

5.2.3. Financial authorisations

5.2.3.1 AUTHORISATION TO IMPLEMENT A SHARE BUYBACK PROGRAMME

The terms of the resolution to be adopted by the annual Ordinary and Extraordinary General Meeting of 29 June 2012 are set out below:

Having considered the Board of Directors' report and the details of the proposed programme as published in accordance with Article 241-2 of the General Regulations of the French financial markets authority (*Autorité des Marchés Financiers* – AMF), the General Meeting, deliberating in accordance with the quorum and majority requirements for ordinary general meetings:

- decides to cancel, with immediate effect, the unused portion of the authorisation given by the Ordinary General Meeting of 6 May 2011 pursuant to its tenth resolution;
- decides to adopt the programme referred to below and, for this purpose:
  - authorises the Board of Directors (which may sub-delegate this authorisation in accordance with Articles L. 225-209 et seq. of the French Commercial Code and Articles 241-1 to 241-6 of the AMF's General Regulations, to purchase shares of the Company, capped at the statutory limit of 10% of the Company's share capital at the date of this General Meeting, it being specified that the maximum percentage of shares that may be bought back by the Company for the purpose of being held and subsequently delivered as payment or exchange in connection with a merger, demerger or contribution, is limited to 5%;
  - decides that the shares bought back may be used for the following purposes:
    - to maintain a liquid market in the Company's shares, under a liquidity contract entered into with an independent investment services firm that complies with the code of ethics of AMAFI (French association of financial and investment firms) recognised by the AMF;

- to hold shares for subsequent delivery as payment or exchange in connection with future business acquisitions initiated by the Company;
- to allot shares to eligible employees and corporate officers of the Company or the Group, under a share grant plan within the scope of Articles L. 225-197-1 et seq. of the French Commercial Code, or under an employee profit-sharing or employee share ownership or savings plan;
- to deliver shares on exercise of rights attached to securities that are convertible, redeemable, exchangeable or otherwise exercisable for shares of the Company, pursuant to applicable securities regulations;
- to buy back shares for cancellation, particularly in order to increase return on equity and earnings per share, and/or to neutralise the dilutive impact of share issues for shareholders (subject to shareholders adopting the extraordinary resolution authorising capital reductions);

- decides that the maximum purchase price per share may not exceed thirty-five euros (€35), excluding transaction costs;
- decides that the Board of Directors may, however, adjust the above-mentioned purchase price in the event of a change in the par value of the shares, an increase in share capital by means of capitalisation of reserves and the grant of shares, share splits or reverse share splits, redemption or reduction of the share capital, distribution of reserves or other assets and any other equity-related transactions, in order to take into account the impact of these transactions on the value of the share;
- decides that the maximum amount of funds used to carry out this share buyback programme may not exceed two billion, seventy-nine million, five hundred and twenty-nine thousand, five hundred and twenty-two euros (€2,079,529,522);
- decides that the shares may be bought back by any means under the conditions provided for by the regulations in force, and in particular, in whole or in part, in on-market transactions or by block trades and, where applicable, by off-market transactions or through the use of options or derivatives other than the sale of put options, at the times that the Board of Directors considers appropriate subject to the limits provided for by stock market regulations. The shares purchased pursuant to this authorisation may be retained, sold or transferred under the conditions provided for by the regulations in force, by all means including through block trades, at any time;
- grants full powers to the Board of Directors (which may delegate such powers) to ensure that these transactions are effectively completed, and set their terms and conditions, and in particular to:
  - enter into, amend and/or extend the term of any liquidity contract in compliance with the AMAFI code of ethics recognised by the AMF,
  - place any and all buy and sell orders on or off the market,
  - adjust the purchase price of the shares in order to take into account the impact of the above-mentioned transactions on the value of the share,
  - enter into all agreements, in particular with a view to keeping registers of share purchases and sales,
  - prepare all documents and make all disclosures and filings with the AMF and any other organisation,
  - carry out all formalities and issue all publications, and
  - in general, do whatever is necessary in order to make use of this authorisation;
- decides that this authorisation is given for a term that will expire at the close of the Annual General Meeting called to approve the financial statements for the year ending 31 December 2012, without exceeding 18 months as from the date of this General Meeting.

In accordance with Article L. 225-209 of the French Commercial Code, the Board of Directors will inform the Annual General Meeting of transactions carried out within the scope of this resolution.

5.2.3.2 AUTHORISATION TO ISSUE BONDS, SECURITIES OR DEBT SECURITIES

The terms of the decision, referred to below, may be summarised as follows:

According to Article L. 228-40 of the French Commercial Code, the Board of Directors has the authority to decide or authorise the issue of bonds, unless the Articles of Association reserve this power for the General Meeting or unless the General Meeting decides to exercise it. None of the provisions of the Articles of Association of CNP Assurances reserve this power for the General Meeting.

At its meeting on 21 February 2012, the Board of Directors authorised the Company's Chief Executive Officer, Gilles Benoist, under the conditions provided for by law, to issue (on his decision alone), on one or more occasions, bonds or similar securities (where applicable within the scope of an EMTN programme), either in France or another country. The securities issued may be subordinated or unsubordinated, fixed term or open ended and may pay interest at a fixed or variable rate (or any other form of remuneration, including indexation), or any other securities and/or debt securities (it being specified that they may not carry warrants giving a right to the allotment, acquisition or subscription of other securities and/or debt securities).

Within the framework of this authorisation, the Board of Directors set the maximum nominal amount of the securities to be issued at €1 billion or the equivalent of such amount in foreign currency, or in any other unit of account established by reference to a set of currencies (or basket of currencies).

Full powers are given to the Chief Executive Officer, under the conditions provided for by law and for the maximum amount of the authorisation set above, in order to:

- decide on the nature, forms, terms and conditions of the issues;
- decide on the features of the securities to be issued and, in particular, set the conditions for their exercise, their ranking which may be subordinated where applicable, the method of amortisation and payment of the securities, the frequency of the interest payments and the date and method of redemption of the capital, with or without a premium, as well as the amount of any redemption premium which will be added to the total maximum amount of the securities that may be issued pursuant to this delegation of authority, and determine the governing law;
- decide, where appropriate, to attach a guarantee to the securities to be issued and, where applicable, define and grant such guarantee; and
- in general, decide on all the rates, terms and conditions which the Chief Executive Officer considers appropriate in light of market conditions and the Company's interests.

This authorisation shall be valid for a one-year period (i.e., until 21 February 2013).

The Board also authorised, as necessary, the Chief Executive Officer of the Company to buy back, on one or more occasions, at the prices and according to terms and conditions that he shall determine at his sole discretion, bonds or similar securities issued by the Company, to be held or cancelled, in accordance with contractual provisions and the applicable laws and regulations.

The maximum nominal amount of the securities that can be bought back pursuant to this authorisation may not exceed five hundred million euros (€500,000,000) or the equivalent of this amount in foreign currencies, or any other unit of account established by reference to a set of currencies (or currency basket).

This authorisation shall be valid for a one-year period (i.e. until 21 February 2013).

5.2.4. Changes in share capital

Between 1987 and the legislative reform of 16 July 1992, CNP Assurances was a public industrial and commercial institution with no share capital within the meaning of the French Act of 24 July 1966. The changes in the capital of CNP Assurances since it became an insurance company limited by shares on 9 December 1992 are set out below:

Date	Description of the transactions carried out	Issued capital	Aggregate par value	Net premium
31.12.1991	Initial capital	50,000	FRF 5,000,000 (1)	–
01.01.1992	Shares issued in payment for assets acquired from CNP EPIC	28,500,000	FRF 2,850,000,000 (1)	FRF 4,243,612,960 (credited to reserve accounts)
23.04.1993	Shares issued for cash	3,170,000	FRF 317,000,000 (1)	FRF 538,900,000
27.10.1994	Four-for-one share split	126,880,000	FRF 3,172,000,000 (2)	–
18.09.1998	Shares issued for cash	9,803,922	FRF 245,098,050 (2)	FRF 1,244,619,067
31.12.2000	Employee rights issue	443,786	FRF 11,094,650 (2)	FRF 67,620,016
01.01.2001	Capital increase paid up by capitalising reserves, carried out in connection with the conversion of the capital into euros	–	€25,886,223.98 (3)	–
21.06.2002	Employee rights issue	726,356	€2,905,424	€17,105,683.80
25.06.2004	Employee rights issue	731,402	€2,925,608	€20,508,512.08
22.12.2004	Employee rights issue	49,836	€199,344	€1,678,476.48
06.02.2007	Share issue with pre-emptive subscription rights	9,902,521	€39,610,084	€660,003,024.65
06.07.2010	Four-for-one share split	n/a	n/a	n/a
31.12.2011	No change during the 2011 financial year			

(1) Par value of FRF 100.
(2) Par value of FRF 25.
(3) Par value of €4.
n/a non applicable.

5.2.5. Changes in ownership structure over the last three years

2009

Number of ordinary shares: 148,537,823.

Number of voting rights: 148,033,560.

Shareholders	Number of shares	% interest	% voting rights [1]
Caisse des dépôts et consignations	59,415,129	40.00%	40.14%
Sopassure (holding company jointly owned by La Banque Postale and BPCE)	52,705,478	35.48%	35.60%
French State	1,618,841	1.09%	1.10%
TOTAL SHARES HELD BY THE SIGNATORIES OF THE SHAREHOLDERS' AGREEMENT [2]	**113,739,448**	**76.57%**	**76.83%**
Public, employees and other	34,798,375	23.43%	23.17%
of which:	of which:	of which:	of which:
CNP Assurances (treasury shares)	504,263	0.34%	–
TOTAL CNP ASSURANCES SHARES	**148,537,823**	**100%**	**100%**

(1) The difference between the percentage interest and percentage voting rights is due to treasury shares, which are stripped of voting rights.
(2) The main terms of the shareholders' agreement are presented in the following table.

2010

Number of ordinary shares: 594,151,292.

Number of voting rights: 591,653,031.

Shareholders	Number of shares	% interest	% voting rights [1]
Caisse des dépôts et consignations	237,660,516	40.00%	40.17%
Sopassure (holding company jointly owned by La Banque Postale and BPCE)	210,821,912	35.48%	35.63%
French State	6,475,364	1.09%	1.09%
TOTAL SHARES HELD BY THE SIGNATORIES OF THE SHAREHOLDERS' AGREEMENT [2]	**454,957,792**	**76.57%**	**76.89%**
Public, employees and other	139,193,500	23.43%	23.10%
of which:	of which:	of which:	of which:
CNP Assurances (treasury shares)	2,498,261	0.42%	–
TOTAL CNP ASSURANCES SHARES	**594,151,292**	**100%**	**100%**

(1) The difference between the percentage interest and percentage voting rights is due to treasury shares, which are stripped of voting rights.
(2) The main terms of the shareholders' agreement are presented in the following table.

2011

Number of ordinary shares: 594,151,292.

Number of voting rights: 591,784,128.

Shareholders	Number of shares	% interest	% voting rights [(1)]
Caisse des dépôts et consignations	237,660,516	40.00%	40.16%
Sopassure (holding company jointly owned by La Banque Postale and BPCE)	210,821,912	35.48%	35.62%
French State	6,475,364	1.09%	1.09%
TOTAL SHARES HELD BY THE SIGNATORIES OF THE SHAREHOLDERS' AGREEMENT [(2)]	**454,957,792**	**76.57%**	**76.88%**
Public, employees and other	139,193,500	23.43%	23.12%
of which:	of which:	of which:	of which:
CNP Assurances (treasury shares)	2,367,164	0.40%	–
TOTAL CNP ASSURANCES SHARES	**594,151,292**	**100%**	**100%**

(1) The difference between the percentage interest and percentage voting rights is due to treasury shares, which are stripped of voting rights.
(2) The main terms of the shareholders' agreement are presented in the following table.

SHAREHOLDERS' AGREEMENT

MAIN TERMS OF THE CNP ASSURANCES SHAREHOLDERS' AGREEMENT (1998-2009)

(unchanged in 2011)

CNP Assurances – Quoted on the Eurolist compartment A – First listed 6 October 1998
(The shareholders' agreement and addenda described below were disclosed to and published by the French securities regulator – *Conseil des Marchés Financiers/Autorité des Marchés Financiers*).

Signature date, duration of the agreement and addenda	Signatories and % interest	Main terms	Main clauses concerning the capital
Signed: **2 September 1998** Initial term: 5 years, automatically renewable for 2-year periods.	■ Caisse des dépôts et consignations: 40% ■ La Poste: 20% ■ CENCEP: 12.5% ■ French State: 1%	Under the terms of the renewable 5-year agreement signed on 2 September 1998, CNP Assurances' main shareholders (Caisse des dépôts et consignations, La Poste, CNCEP and the French State) affirmed their intention to remain shareholders of the Company over the long term and to implement a common policy. They agreed to consult each other prior to all major decisions, such as proposed amendments to the Articles of Association, capital projects excluding financial investments, membership of the Executive Board and Supervisory Board and, more generally, all strategic decisions for CNP Assurances.	The agreement contains clauses placing a temporary ban on the sale of the parties' CNP Assurances shares and a pre-emptive subscription right applicable to all sales except for those made by the State: ■ 100% of the shares the first year, 80% the following year and 75% thereafter until the fifth year are temporarily non-transferable; ■ all sales give the parties a pre-emptive right to purchase the shares held by the other parties, with the exception of the French State; ■ the parties that are State-controlled must together hold 61% of the capital.

CNP Assurances – Quoted on the Eurolist compartment A – First listed 6 October 1998 (The shareholders' agreement and addenda described below were disclosed to and published by the French securities regulator – *Conseil des Marchés Financiers/Autorité des Marchés Financiers*).				
Signature date, duration of the agreement and addenda	**Signatories and % interest**		**Main terms**	**Main clauses concerning the capital**
			First addendum	
Signed: **19 December 2000** Term: Amended to 3 years following the decision by La Poste and CNCEP to combine their interests within a joint holding company, Sopassure: **5 January 2004**	36%	■ Caisse des dépôts et consignations: 37% (40% → 37%) ■ La Poste (20% → 18%) ■ CNCE (formerly CENCEP) (12.5% → 18%) ■ French State: 1.2% (1.7% → 1.2%)	■ In October 2000, the signatories reorganised their interests, while retaining combined majority control of CNP Assurances. As a result, *Sopassure* took over the rights and obligations of La Poste and Caisses d'Epargne. ■ Sopassure's term and the term of the shareholders' agreement between La Poste and Caisse d'Epargne group are aligned with that of the shareholders' agreement. When the CNP Assurances shareholders' agreement ends, La Poste and Caisse d'Epargne group will recover direct ownership of their CNP Assurances shares and will decide whether to continue their joint policy with regard to the Company. ■ The number of seats on the Supervisory Board held by each signatory remained unchanged (CDC: five seats; La Poste: three seats; CNCE: two seats; French State: one seat). The French securities regulator ruled that the decision by La Poste and Caisse d'Epargne group to combine their interests within Sopassure did not materially affect the original balance of powers among the signatories, with Caisse des Dépôts continuing to be the leading shareholder in the majority group (CMF ruling dated 24 November 2000)	Reorganisation of the interests held by shareholders representing the majority group: ■ acquisition by Caisse d'Epargne group of 5.5% of the capital from Caisse des dépôts et consignations (3%), La Poste (2%) and the French State (0.5%); ■ interests held by La Poste and Caisse d'Epargne group combined within a joint holding company, *Sopassure* (a public sector entity) 50.1% owned by La Poste; ■ Sopassure's interest will remain below that of Caisse des dépôts et consignations (at around 36% and 37% respectively).
			Second addendum	
Signed: **26 May 2003** Term: Extended until **31 December 2008**	36%	■ Caisse des dépôts et consignations: 37% ■ La Poste ■ CNCE (formerly CENCEP) ■ French State: 1%	The second addendum extended the term of the shareholders' agreement to 31 December 2008.	The addendum includes a standstill agreement applicable to Caisse des dépôts et consignations, Sopassure, CNCE and La Poste. To maintain the balance of shareholders' interests, Caisse des Dépôts' interest is maintained at 50,582,880 shares and that of Sopassure at 49,191,780 shares.

CNP Assurances – Quoted on the Eurolist compartment A – First listed 6 October 1998 (The shareholders' agreement and addenda described below were disclosed to and published by the French securities regulator – *Conseil des Marchés Financiers/Autorité des Marchés Financiers*).				
Signature date, duration of the agreement and addenda	Signatories and % interest		Main terms	Main clauses concerning the capital
Third addendum				
Signed: **8 January 2007** Term: Extended until **31 December 2015** AMF ref.: 207C0117- 16 January 2007	36%	■ Caisse des dépôts et consignations: 37% [■ La Banque Postale ■ CNCE] French State: 1%	The third addendum extended the term of the shareholders' agreement to 31 December 2015. Caisse des dépôts et consignations, Sopassure, La Banque Postale and CNCE have given an undertaking not to sell any shares while the agreement is in force. Seats on the Supervisory Board have been reallocated as follows: 18 members in total including one representing the French State, six representing Caisse des dépôts et consignations, five representing Sopassure, one representing investors who have become shareholders pursuant to industrial, business or financial cooperation agreements, one representing employee shareholders and four independent directors.	Caisse des dépôts et consignations, Sopassure, La Banque Postale and CNCE have given an undertaking not to sell any shares while the agreement is in force. The signatories undertake not to carry out any share purchases or other transactions, that would result in (i) Caisse des dépôts et consignations holding over 40% of CNP Assurances' capital, directly or indirectly, and/or (ii) Sopassure, La Banque Postale and CNCE together holding over 35.48% of its capital, directly or indirectly.
Fourth addendum				
Signed: **9 July 2007** Term: (unchanged) **31 December 2015** AMF ref.: 207C1599- 27 July 2007	35.48%	■ Caisse des dépôts et consignations: 40% [■ La Banque Postale ■ CNCE] ■ French State: 1%	The shareholders' agreement was aligned with the change in the Company's governance structure, replacing the Executive Board and Supervisory Board with a Board of Directors. For the full term of the shareholders' agreement, the signatories will recommend that the Board include one member appointed by the French State, six by Caisse des dépôts et consignations and five by Sopassure, one employee representative and four independent directors.	The main clauses relative to the capital are not amended by this fourth addendum. They remain unchanged and in full force and effect.

CNP Assurances – Quoted on the Eurolist compartment A – First listed 6 October 1998 (The shareholders' agreement and addenda described below were disclosed to and published by the French securities regulator – *Conseil des Marchés Financiers/Autorité des Marchés Financiers*).				
Signature date, duration of the agreement and addenda	Signatories and % interest		Main terms	Main clauses concerning the capital
Fifth addendum				
Signed: **28 July 2009** Term: (unchanged) **31 December 2015** AMF ref.: 209C1086- 4 September 2009	35.48%	■ Caisse des dépôts et consignations: 40% ■ La Banque Postale ■ BPCE (formerly CNCE) ■ French State: 1.09%	As a result of the alliance between Caisses d'Epargne and Banques Populaires, the new cooperative banking group, BPCE, was formed on 31 July 2009. Pursuant to the fifth addendum to the shareholders' agreement, BPCE acquired CNCE's interest in Sopassure (jointly owned by La Banque Postale and CNCE) and took over all of CNCE's rights and obligations arising from the agreement. This will not however change the balance of interests of CNP Assurances' shareholders or the business agreements, which will remain unchanged as a result of the operation. The other provisions of the agreement that are not amended by the fifth addendum remain unchanged and in full force and effect.	The main clauses relative to the capital are not amended by this fifth addendum, which does not affect the existence of Sopassure, jointly owned by La Banque Postale and BPCE.

5.2.6. Changes in ownership structure

1998

On 23 September 1998, the interest held by Caisse des dépôts et consignations was raised from 30% to 40% and the interest held by La Poste from 17.5% to 20%, through the acquisition of shares held by the French State in preparation for the transfer to the private sector of a minority stake held by the French State in the capital of CNP Assurances.

In accordance with the favourable opinion of the Commission on shareholdings and transfers and the order adopted by the French Minister of Economy and Finance on 23 September 1998, the French State sold approximately 6.5% of Company's capital to new shareholders: the civil service mutual insurance companies AGRR Prévoyance and Compagnie Suisse de réassurances.

The above two share sales had the effect of reducing the French State's interest in CNP Assurances' capital from 42.38% to 23.39%.

Following the transfer of CNP Assurances to the private sector, the French State continued to hold a residual stake of approximately 2.24% of the Company's capital.

A total of 61% of CNP Assurances' capital was nevertheless still in the hands of public sector shareholders, through the interests held by Caisse des dépôts et consignations and La Poste.

Using the authorisation given at the Extraordinary General Meeting of 18 September 1998, the Executive Board decided to increase the Company's capital by FRF 245,098,050 to FRF 3,417,098,050 through the issuance of 9,803,922 new shares with a par value of FRF 25 each, by reference to the prices at which the shares held by the French State were sold to private sector shareholders and the price spread of FRF 149 to FRF 153 set by the French Minister of Economy and Finance for the CNP Assurances initial public offering.

The new shares were issued at a price of FRF 153 each, including a premium of FRF 128, and are in the same class as existing shares.

1999

There were no changes in ownership structure during the year.

2000

On 25 September 2000, the Executive Board decided to use the authorisation given at the Annual General Meeting of 6 June 2000 to carry out a first employee rights issue. A total of 443,786 new FRF 25 par value shares reserved for employees were issued on 15 December 2000, ranking *pari passu* with existing shares. The issue proceeds totalled €11,999,973.44 (FRF 78,714,665.78), including FRF 11,094,650 credited to the capital account and FRF 67,620,015.78 to the share premium account. At 31 December 2000, current and former employees of the Company held a total of 1,207,896 shares either directly or indirectly through Group employee share ownership plans.

On 19 December 2000, the main shareholders of CNP Assurances that signed the shareholders' agreement in September 1998 – Caisse des dépôts et consignations, La Poste, Caisse d'Epargne group and the French State – decided to reorganise their majority interests in CNP Assurances. At the end of this process, which was completed on 5 January 2001, the situation of the majority shareholders of the Company was as follows:

- the respective 18% interests of La Poste and Caisse d'Epargne group were held by a joint holding company, Sopassure, which thus owned 36% of the capital of CNP Assurances;
- the interest of Caisse des dépôts et consignations stood at around 37% versus 40% prior to the reorganisation and the interest of the French State came to 1.2% versus 1.7%.

2001

The Executive Board decided to use the authorisation given at the Annual General Meeting of 6 June 2000 to convert the share capital into euros effective as of 1 January 2001, by converting the par value of the shares and rounding up the converted amount to the nearest whole number of euros. The resulting capital increase – from FRF 3,428,192,700 to €548,510,832 (divided into 137,127,708 fully paid up ordinary shares with a par value of €4) – was paid up by capitalising reserves.

Within the scope of this authorisation, the Executive Board was given the power to amend the Articles of Association accordingly.

2002

On 17 April 2002, the Executive Board decided to use the authorisation given at the Annual General Meeting of 6 June 2000 to carry out a second employee rights issue. A total of 726,356 new €4 par value shares reserved for employees were issued on 21 June 2002, ranking *pari passu* with existing shares. The issue proceeds totalled €20,011,107.80, including €2,905,424 credited to the capital account and €17,105,683.80, to the share premium account. Following this issue, the share capital amounted to €551,416,256, divided into 137,854,064 fully paid up ordinary shares with a €4 par value.

At 31 December 2002, current and former employees of the Company held a total of 1,744,969 shares, directly or indirectly through Group employee share ownership plans, representing 1.26% of the capital.

2003

There were no changes in the Company's capital in 2003. At 31 December 2003, current and former employees of the Company held a total of 1,482,563 shares, directly or indirectly through Group employee share ownership plans, representing approximately 1.08% of the capital.

2004

On 7 January 2004, the Executive Board decided to use the authorisation given at the Annual General Meeting of 4 June 2002 to carry out an employee rights issue. A total of 731,402 new €4 par value shares reserved for employees were issued on 25 June 2004, ranking *pari passu* with existing shares.

The issue proceeds totalled €23,434,120.08, including €2,925,608 credited to the capital account and €20,508,512.08 to the share premium account. Following this issue, the share capital was raised from €551,416,256 to €554,341,864, divided into 138,585,466 fully paid up ordinary shares.

On 19 July 2004, the Executive Board decided to carry out another employee rights issue reserved for members of the CNP Assurances International Group employee share ownership plan. A total of 49,836 new €4 par value shares reserved for employees were issued on 22 December 2004, ranking *pari passu* with existing shares.

The issue proceeds totalled €1,877,820.48, including €199,344 credited to the capital account and €1,678,476.48 to the share premium account. Following this issue, the share capital was raised from €554,341,864 to €554,541,208, divided into 138,635,302 fully paid up ordinary shares.

2005

There were no changes in ownership structure during the year.

At 31 December 2005, employees and former employees held 148,300 shares directly and 1,445,276 shares indirectly through the corporate mutual fund “Actions”, representing approximately 1.15% of the capital.

2006

There were no changes in ownership structure during the year.

At 31 December 2006, employees and former employees held 1,458,866 shares indirectly through the corporate mutual funds “Actions”, representing approximately 1% of the capital.

2007

A rights issue with pre-emptive subscription rights was launched on 8 January 2007 to finance part of the cost of acquiring 49.9% of Ecureuil Vie. 9,902,521 new shares were issued. The gross issue proceeds amounted to €699,613,108.65.

On 6 February 2007, after the new shares had been listed on Eurolist by Euronext Paris, the number of shares outstanding stood at 148,537,823.

At 31 December 2007, employees held 0.58% of the capital, directly and indirectly through Group employee share ownership plans.

2008

At 31 December 2008, employees held 0.6% of the capital, directly and indirectly through Group employee share ownership plans.

2009

BPCE acquired CNCE’s interest in Sopassure (holding company owned jointly by La Banque Postale and CNCE).

At 31 December 2009, employees held 0.37% of the capital, directly and indirectly through Group employee share ownership plans.

2010

The only change to the structure of the share capital in 2010 was a four-for-one share split decided on 6 July 2010 bringing the number of shares in circulation to 594,151,292.

At 31 December 2010, employees held 0.36% of the capital, directly and indirectly through Group employee share ownership plans.

2011

At 31 December 2011, employees held 0.35% of the capital, directly and indirectly through Group employee share ownership plans.

5.2.7. Listing of CNP Assurances shares

CNP Assurances was floated on the Paris Stock Exchange on 6 October 1998.

The shares are traded on the Eurolist compartment A, ISIN code FR 0000120222. CNP Assurances is included in the following indices: SBF 120, Euronext 100 and DJ Eurostoxx Insurance.

TRANSACTIONS CARRIED OUT ON CNP ASSURANCES SHARES OVER THE LAST 24 MONTHS (SOURCE: BLOOMBERG) AFTER THE FOUR-FOR-ONE SHARE SPLIT IN JULY 2010

Date	Trading volume	Low *€/share*	High *€/share*
29.01.2010	7,794,776	15.8775	17.5625
26.02.2010	7,089,304	14.945	16.745
31.03.2010	6,623,260	16.2125	17.7
30.04.2010	11,483,320	15.69	17.835
31.05.2010	11,645,656	14.0675	16.225
30.06.2010	12,414,312	13.315	14.9975
30.07.2010	8,202,533	13.59	16.14
31.08.2010	8,315,629	12.915	16.115
30.09.2010	9,482,995	13.28	14.5
29.10.2010	8,811,893	13.15	14.39
30.11.2010	8,482,670	12.3	15.095
31.12.2010	9,049,565	12.03	14.1
31.01.2011	11,163,697	13.52	16.71
28.02.2011	9,076,673	15.225	17.19
31.03.2011	14,159,626	13.91	16.085
29.04.2011	8,517,441	14.7	16.07
31.05.2011	12,854,394	13.4	15.605
30.06.2011	14,230,363	13.6	15.085
29.07.2011	12,475,208	12.815	15.2
31.08.2011	16,783,395	10.92	13.59
30.09.2011	7,035,563	10.005	12.5
31.10.2011	7,197,895	10.6	11.9
30.11.2011	5,866,332	8.965	11.3
30.12.2011	3,699,030	9.301	10.99

5.2.8. Dividends

Dividends paid by CNP Assurances for 2007, 2008, 2009, 2010 and 2011 were as follows:

Year of distribution	2007	2008	2009	2010*	2011
Earnings per share	€8.2	€4.9	€6.8	€1.67**	€1.37**
Dividend per share	€2.85	€2.85	€3.00	€0.77	€0.77***
Number of shares with dividend rights	148,537,823	148,537,823	148,537,823	594,151,292	594,151,292

* *In July 2010, the CNP Assurances Group carried out a four-for-one share split.*
** *Adjusted to take account of interest on deeply subordinated notes.*
*** *Subject to ratification at the Annual General Meeting of 29 June 2012, with the option for dividends to be paid in shares.*

Dividends not claimed within five years are statute-barred and are paid over to the French State.

5.2.9. Guarantees and endorsements

See consolidated financial statements, Note 9.11 "Commitments given and received" (page 196).

5.2.10. Discretionary and statutory profit-sharing plans

DISCRETIONARY PROFIT-SHARING PLAN

The amounts awarded to employees under discretionary profit-sharing plans are based on collective performance objectives. These amounts do not include any complementary contributions by the Company.

Amounts allocated on this basis to employees of CNP Assurances over the last five years:

Year	Total discretionary profit-sharing amount	Number of recipients
2007	€8,104,653.25	3,229
2008	€5,028,030.62	3,256
2009	€5,883,556.85	3,238
2010	€6,139,919.08	3,283
2011	€6,364,630.08	3,339

STATUTORY PROFIT-SHARING PLAN

The CNP Assurances Group statutory profit-sharing agreement was signed on 17 May 2000 and was implemented retroactively from 1 January 1999. The amount recorded in the special profit-sharing reserve is allocated among eligible employees (i.e., employees with at least three months' service at 31 December of the reference year) based on the period worked during the reference year and their gross salaries.

The net profit share attributable to each eligible employee is held in a blocked account managed by Fongépar for five years and bears interest at the rate of 5% per year (from 1 May of the payment year). The profit share and related interest are exempt from tax. Funds are frozen for five years from 1 May 2004. Early withdrawals are allowed by law only in certain specific circumstances, but employees may apply at any time within the five-year lock-up period to transfer the entire amount to the Group employee share ownership plan.

Year	Total statutory profit-sharing	Number of recipients
2007	€16,186,311.75	2,893
2008	€16,603,194.00	2,939
2009	€12,700,000.00	2,956
2010	€11,487,075.00	3,015
2011	€12,947,254.00	3,083

5.2.11. Employee stock options

Not applicable.

5.2.12. Disputes

From time to time CNP Assurances Group is involved in legal proceedings in the ordinary course of business.

The principal proceedings are presented in Note 24.5.4 to the consolidated financial statements and in section 2.5.7 under the heading "Insurance-related legal risks". The CNP Assurances Group is not currently aware of any legal proceedings or claims that it believes will have in the aggregate a material adverse effect on the Company's financial position or the results of its operations.

Neither the Company nor the Group has knowledge of any legal, governmental or arbitration proceedings, including either instances of which it is already aware, or any which may be pending or threatened against the Company, that may have had in the past twelve months, or may subsequently have a material adverse effect on its financial position or the results of its operations.

5.3. ANNUAL INFORMATION DOCUMENT

In accordance with Article 222-7 of the AMF's General Regulations, the annual information document below lists all the information published by the Company or made public in the last 12 months (between 6 March 2011 and 9 March 2012), in one or more European Economic Area countries or one or more other countries, in order to comply with its obligations under securities legislation or regulations relating to financial instruments and financial instrument markets.

Information published in the last 12 months	Downloadable/available from
Registration Document – Annual/Half-Yearly/Quarterly Financial Report	
2010 Financial Report (14 April 2011)	
2010 Registration Document (14 April 2011)	
2011 Half-Yearly Financial Report (29 July 2011)	
Quarterly financial disclosure	
Q1 2011 (9 May 2011)	
Q3 2011 (9 November 2011)	
Description of the share buyback programme (6 May 2011)	
Availability of information for the General Meeting (14 April 2011)	www.cnp-finances.fr
Press releases published pursuant to the ongoing obligation to provide information/ Availability of information for the General Meeting	www.cnp-finances.fr
CNP Assurances announces the successful completion of two subordinated debt issues (euros and pounds sterling) and publishes the two prospectuses approved by the *Autorité des Marchés Financiers* (6 April 2011)	
2010 Half-Yearly Financial Report available online (14 April 2011)	
A consortium made up of CNP Assurances and Caisse des Dépôts holds in-depth discussions with GDF Suez with a view to setting up a long-term partnership with respect to the transport of natural gas (14 April 2011)	
Quarterly information at 31 March 2011 (9 May 2011)	
Half-yearly report on transactions under the CNP Assurances liquidity contract at 30 June 2011 (6 July 2011)	
The CNP Assurances - Caisse des Dépôts consortium finalises an agreement with GDF Suez with a view to setting up a long-term partnership with respect to the transport of natural gas (12 July 2011)	
First-half 2011 income and results (29 July 2011)	
2011 Half-Yearly Financial Report available online (29 July 2011)	
Standard & Poor's confirms CNP Assurances' AA- rating (13 September 2011)	
Quarterly information at 30 September 2011 + 2012 financial calendar (9 November 2011)	
Half-yearly report on transactions under the CNP Assurances liquidity contract at 31 December 2011 (2 January 2012)	
2011 Premium income and results (22 February 2012)	

Information published in the last 12 months		Downloadable/available from
Publication of agreements and addenda between shareholders (Article L. 233-11 of the French Commercial Code)		www.amf-france.org
–		
Documents published in the BALO (French legal gazette) *(publication date)*		www.journal-officiel.gouv.fr
Notice of the Annual General Meeting of 6 May 2011 (14 March 2011)		
Amendment to the notice of the Annual General Meeting of 6 May 2011 (13 April 2011)		
Final 2010 annual financial statements (23 May 2011)		
Documents filed with the Paris Commercial Court (clerk's office) *(filing date)*		www.infogreffe.fr
Extract from minutes of the meeting of 5 April 2011: change of director(s) (18 May 2011)		
Extract from minutes of the meeting of 22 February 2011: resignation and cooptation of director(s) (29 April 2011)		
Documents made available to shareholders		Headquarters 4, place Raoul Dautry 75015 Paris
Annual General Meeting of 6 May 2011		
BALO of 14 March 2011 containing the formal notice of the Annual General Meeting BALO of 13 April 2011 containing amendment to the notice of meeting		
Journal d'annonces légales of 6 May 2011 containing notice of the meeting		
Notice of the General Meeting sent to shareholders with all information to be given to shareholders pursuant to Articles R.225-81 and R.225-83 of the French Commercial Code		
Monthly statement on share capital and voting rights		www. cnp-finances.fr http://www.lesechoscomfi.com
Voting rights at 31 March 2011 (5 April 2011)	Voting rights at 30 April 2011 (4 May 2011)	
Voting rights at 31 May 2011 (6 June 2011)	Voting rights at 30 June 2011 (5 July 2011)	
Voting rights at 31 July 2011 (8 August 2011)	Voting rights at 31 August 2011 (5 September 2011)	
Voting rights at 30 September 2011 (6 October 2011)	Voting rights at 31 October 2011 (3 November 2011)	
Voting rights at 30 November 2011 (9 December 2011)	Voting rights at 31 December 2011 (10 January 2012)	
Voting rights at 31 January 2012 (9 February 2012)	Voting rights at 29 February 2012 (9 March 2012)	

5.4. BOARD OF DIRECTORS' REPORT TO THE 2012 ANNUAL GENERAL MEETING ON CNP ASSURANCES' SHARE GRANT PLANS

Pursuant to Article L. 225-197-4 of the French Commercial Code, CNP Assurances' Board of Directors reports to the Company's shareholders – using this report – on share grant transactions that occurred over the past year. This information takes account of the impact of the four-for-one share split in July 2010 whereby the entitlements for share grants increased from 15 or 30 to 60 or 120 respectively, as shown below.

I COMMON CHARACTERISTICS OF THE SHARE GRANT PLANS IMPLEMENTED IN 2006 AND 2007

The first plan of 5 July 2006 and the second plan of 19 June 2007 were carried out under the authorisation granted by the Extraordinary General Meeting held on 7 June 2005. The total number of shares that could be granted could not exceed 0.4% of CNP Assurances' share capital. This plan was carried out using existing shares, and no new shares were issued. This authorisation expired on 7 August 2008.

Grantees consist of all permanent employees with an employment contract governed by French law (except for corporate officers and senior executives) who were remunerated as employees by CNP Assurances when the share grant was approved and who have been employed by the Group for at least three months.

In accordance with the law and the resolution of the aforementioned Annual General Meeting, CNP Assurances shares granted to grantees are vested at the end of a two-year vesting period as from the aforementioned grant dates (5 July 2006 and 19 June 2007). At the end of the two-year periods, the free shares are effectively granted and registered as such in the share register held by CNP Assurances' custodian.

There is also a two-year compulsory holding period for vested shares starting from each final vesting date. This period has ended for the July 2006 plan and for the June 2007 plan.

II IMPLEMENTATION OF EACH GRANT PLAN

II a) Share grant plan effective from 5 July 2006

Shares were granted to eligible employees still employed by the Company in July 2008 on the basis of 60 shares for each non-executive employee and 120 shares for each executive employee. A total of 201,120 shares were thus granted to 2,311 employees. These shares are freely transferable since the end of the compulsory holding period in July 2010.

II b) Share grant plan effective from 19 June 2007

On 19 June 2009, two years from the date on which they were granted, a total of 202,260 shares vested – on the basis of 120 shares for each non-executive employee and 60 shares for each executive employee – to 2,385 eligible employees still employed by the Company. These shares are freely transferable since the end of the compulsory holding period in June 2011.

5.5. SUMMARY TABLE OF THE AUTHORISATIONS GRANTED BY THE ANNUAL GENERAL MEETING TO THE BOARD OF DIRECTORS

PERIOD OF VALIDITY AND USE IN 2011

Type of authorisation	Purpose	Duration	Ceiling	Utilisations in 2011
Share buyback programme	Buy and sell CNP Assurances shares	Granted at the 25 May 2010 AGM (seventh resolution) Duration: 18 months Expires: 25 November 2011	10% of share capital outstanding at the date of purchase	At 2 May 2011, 1,272,275 shares held in treasury (0.21% of share capital)
	Buy and sell CNP Assurances shares	Granted at the 6 May 2011 AGM (tenth resolution) Duration: 18 months Expires: 6 November 2012	10% of share capital outstanding at the date of purchase	At 31 December 2011, 2,367,164 shares held in treasury (0.40% of share capital)
Employee rights issues, stock options, share grants	Issue of shares to members of an employee share ownership plan	Granted at the 6 May 2011 AGM (eleventh resolution) Duration: 26 months Expires: 6 July 2013	3% of share capital	None
	Share grants	Granted at the 6 May 2011 AGM (thirteenth resolution) Duration: 38 months Expires: 6 July 2014	0.5% of share capital outstanding at the date of the AGM	None
Rights issue	Issue of ordinary shares with pre-emptive subscription rights	Granted at the 6 May 2011 AGM (twelfth resolution) Duration: 26 months Expires: 6 July 2013	€500 million including premiums	None

5.6. TRANSACTIONS CARRIED OUT IN 2011 UNDER THE SHARE BUYBACK PROGRAMME

At the Annual General Meeting of 6 May 2011, the shareholders approved the renewal of the share buyback programme in place since the IPO.

Trades in the Company's shares

Pursuant to the authorisation granted by the Annual General Meeting of 6 May 2011, the Company purchased (between 1 January 2011 and 31 December 2011) 10,629,183 of its own shares at an average price of €13.26, and sold 10,760,280 treasury shares for an average price of €13.59.

TRANSACTIONS BETWEEN 1 JANUARY 2011 AND 31 DECEMBER 2011

	Aggregate gross flows		Open positions at the date of filing of the offering circular					
	Purchases	Sales	Open call positions			Open put positions		
Number of shares	10,629,183	10,760,280	*Call options purchased*	*Put options sold*	*Forward purchases*	*Call options purchased*	*Put options sold*	*Forward purchases*
Average maximum maturity	None	None	None	None	None	None	None	None
Average transaction price *(in €)*	13.26	13.59						
Average strike price	None	None	None	None	None	None	None	None
Amount *(in €)*	140,949,402.67	146,262,705.51						

SUMMARY STATEMENT

Statement by the issuer on transactions in its own shares between 1 January 2011 and 31 December 2011	
Percentage of capital held directly or indirectly as treasury stock	0.40%
Number of shares cancelled in the last 24 months	None
Number of shares held in the portfolio at 31 December 2011	2,367,164
Carrying amount (assessed at fair value*)	€22,677,431.12
Market value of the portfolio*	€22,677,431.12

* *At the 31 December 2011 closing price: €9.58.*

Purpose of the transactions

All the transactions were carried out in order to maintain a liquid market in the Company's shares under a liquidity contract entered into with an independent investment firm. The Company did not buy back any shares with a view to using them for the other categories of objectives of its 2011 share buyback programme.

All treasury shares held at 31 December 2011 are allocated to maintaining a liquid market in the Company's shares, apart from 36,609 shares held in a separate account.

Cancelled shares

The Company did not cancel any shares.

5.7. PERSON RESPONSIBLE FOR THE INFORMATION AND THE AUDIT OF THE ACCOUNTS

Person responsible for the Registration Document and the audit of the accounts

PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Gilles Benoist, Chief Executive Officer of CNP Assurances

STATEMENT BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

"I hereby declare that having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and the entities included in the scope of consolidation, and that the report of the Board of Directors, the different sections of which are listed on the contents page of the Registration Document, presents fairly the changes in business, results and financial position of the Company and the entities included in the scope of consolidation, as well as a description of their principal risks and contingencies.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they had read the whole of the Registration Document and examined the information about the financial position and the accounts contained therein, with the exception of Embedded Value information, which they checked for consistency with the conclusions set out in the report of the independent actuaries, Milliman, dated 21 February 2012, but did not review.

The Statutory Auditors' reports on the historical financial information are presented on pages 237 and 238 (for the consolidated financial statements) and pages 290 and 291 (for the Company financial statements) of this Registration Document. The reports incorporated by reference for 2009 and 2010 are presented on pages 210 and 211 (for the consolidated financial statements) and 258 and 259 (for the Company financial statements) of the 2009 Registration Document and on pages 222 and 223 (for the consolidated financial statements) and pages 274 and 275 (for the Company financial statements) of the 2010 Registration Document. The Statutory Auditors' reports on the consolidated financial statements for the years ended 31 December 2009 and 2010 contain an observation.

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2011 contains an observation."

Gilles Benoist

PERSONS RESPONSIBLE FOR THE AUDIT OF THE ACCOUNTS

Auditors of CNP Assurances	First appointed	Current term of office expires
PricewaterhouseCoopers Audit 63, rue de Villiers, 92200 Neuilly-sur-Seine Represented by Eric Dupont*	2010	AGM held to approve the 2015 financial statements
*Deputy: Yves Nicolas**	2010	AGM held to approve the 2015 financial statements
Mazars		
61, rue Henri Regnault – Tour Exaltis 92400 Courbevoie represented by Jean-Claude Pauly*	1998 Renewed in 2010	AGM held to approve the 2015 financial statements
*Deputy: Michel Barbet-Massin**	2010	AGM held to approve the 2015 financial statements

* *Member of the Versailles Regional Association of Statutory Auditors.*

Information policy

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Antoine Lissowski, Deputy Chief Executive Officer

4, place Raoul Dautry – 75716 Paris Cedex 15

Documents concerning the Company may be consulted at the Company's headquarters

SERVICE "DROIT DES SOCIÉTÉS"

4, place Raoul Dautry – 75716 Paris Cedex 15

Tel.: +33 1 42 18 97 73

5.8. FEES PAID TO THE STATUTORY AUDITORS

	Mazars				PWC			
	Amount excl. VAT		%		Amount excl. VAT		%	
(In € thousands)	2011	2010	2011	2010	2011	2010	2011	2010
Audit								
Audit of the financial statements of the Company and the Group	1,280	1,252	95%	96%	1,535	1,380	81%	86%
Issuer	*648*	*656*	*48%*	*51%*	*650*	*614*	*34%*	*38%*
Fully consolidated companies	*632*	*596*	*47%*	*46%*	*885*	*766*	*47%*	*48%*
Other audit-related services	62	47	5%	4%	343	222	18%	14%
Issuer	*62*	*47*			*170*	*79*		
Fully consolidated companies					*173*	*143*		
Sub-total	**1,342**	**1,299**	**100%**	**100%**	**1,878**	**1,602**	**99%**	**100%**
Other services rendered by the Auditors to the fully consolidated companies								
Legal, tax and labour-law advisory services					22		1%	
Other services								
Sub-total					**22**		**1%**	
TOTAL	**1,342**	**1,299**	**100%**	**100%**	**1,900**	**1,602**	**100%**	**100%**

"Other audit-related services" mainly concern the issue of subordinated notes, the review of the English translation of the Registration Document and the review of sustainable development indicators.

REGISTRATION DOCUMENT CONCORDANCE TABLE

The table below provides cross references between the pages in the CNP Assurances Registration Document and the key information required under European Commission Regulation No. 809/2004 (EC) implementing Directive 2003/71/EC.

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* *The following information is incorporated by reference in this Registration Document, in accordance with Article 28 of European Commission Regulation 809/2004/EC dated 29 April 2004:*

- *the consolidated financial statements of CNP Assurances for the year ended 31 December 2009 and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2009, as presented on pages 102 to 211 of Registration Document No. D.10-0317 filed with the AMF on 26 April 2010;*
- *the company financial statements of CNP Assurances for the year ended 31 December 2009 and the Statutory Auditors' report on the company financial statements for the year ended 31 December 2009, as presented on pages 212 to 259 of Registration Document No. D.10-0317 filed with the AMF on 26 April 2010.*
- *the consolidated financial statements of CNP Assurances for the year ended 31 December 2010 and the Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2010, as presented on pages 108 to 223 of the Registration Document D.11-0292 filed with the AMF on 13 April 2011.*
- *the financial statements of CNP Assurances for the year ended 31 December 2010 and the Statutory Auditors' report on the financial statements for the year ended 31 December 2010, as presented on pages 224 to 275 of the Registration Document D.11-0292 filed with the AMF on 13 April 2011.*

n/a: not applicable

INFORMATION RELATING TO THE MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF CNP ASSURANCES

This Registration Document includes all items from the Report of the Board of Directors that are required by law.

The following table presents the items from the Report of the Board of Directors of CNP Assurances to the Ordinary and Extraordinary General Meeting of 29 June 2011.

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10.	Five-year financial summary	286
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22.	Information on share grant plans for management	52-53
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n/a: not applicable.

ANNUAL FINANCIAL REPORT THEMATIC CROSS-REFERENCE TABLE

The following table lists the information required by the AMF with respect to the Annual Financial Report (Articles 212-13 VI and 222-3 of the General Regulations of the AMF).

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Appendices

Online information at www.cnp.fr

Visit the CNP Assurances website to learn more about our businesses, read the latest news and discover our advertising campaigns.

Email queries can be sent directly to the investor relations team at actionnaires@cnp.fr for private shareholders and infofi@cnp.fr for investors.

Shareholders can also sign up for a monthly e-newsletter and receive the latest news on CNP Assurances directly in their mailbox (in French only).

www.toutsavoirsurlassurancevie.fr: the first interactive and informational webpage created in 2010 is continuing to develop, having been visited by 565,000 users by the end of 2011. The webpage comprises six videos designed to give internet users the information they need to better understand the mechanisms of life insurance policies. This interactive video website is purely informational and is not intended to promote or inform internet users on any particular product.

Financial information at www.cnp-finances.fr

This website has dedicated sections for private shareholders and investors and analysts. It offers a wide range of downloadable information and presentations including the CNP share price, shareholder information, press releases, financial calendar, presentations to analysts and details of the General Meeting.

Comprehensive shareholder publications

The Registration Document, the Business review and sustainable development report, the corporate social responsibility review and "The Lifetime Insurer" brochure are available on request in French and in English or can be downloaded from the CNP Assurances website. Other specialised publications, in French only, include the Annual General Meeting Guide, the Shareholders' Guide and the Shareholders' Letter (published quarterly).

Spaces dedicated to shareholders

Shareholders can join the Shareholders' Club (*Cercle des actionnaires*) at www.cnp-lecercle.fr. This site provides information on special services and Club events for members.

In France, a toll-free number N° Vert 0 800 544 544 APPEL GRATUIT DEPUIS UN POSTE FIXE (toll-free only from a landline) provides shareholders with real-time CNP Assurances share prices, the latest benchmark index values and access to a recorded telephone news briefing updated regularly.

Shareholders can also select 4 on the toll-free number menu to contact the shareholder relations helpdesk (Monday to Friday) for information on the Company, or to request membership of the Shareholders' Club, request financial documentation or register a change of address.

CNP Trésor

More accessible information

1- Toll-free (in France) N° Indigo 0 820 20 10 68 0,12 € TTC / MN Hors téléphone mobile - Tarif en vigueur au 1er Juillet 2006

Available from Monday to Friday from 9:30 am to 5:30 pm to answer your questions on policyholder contracts and arrange meetings with CNP Trésor advisors.

2- www.cnp.fr

The CNP Trésor section presents its products and services and enables you to arrange a meeting with a CNP Trésor advisor.

2012 Financial calendar

4 February

"Mieux comprendre l'assurance" (a better understanding of insurance) conference in Grenoble, France.

10 March

"Mieux comprendre l'assurance" conference in Clermont-Ferrand, France.

31 March

"Mieux comprendre l'assurance" conference in Rennes, France

2 April

Meeting with shareholders featuring Antoine Lissowski, Chief Financial Officer of CNP Assurances, in Lille, France

28 April

"Mieux comprendre l'assurance" conference in Dijon, France

11 May

First-quarter 2012 premium income and results announcement.

19 May

"Mieux comprendre l'assurance" conference in Fontainebleau, France.

16 June

"Mieux comprendre l'assurance" conference in Marseille, France.

29 June

Annual General Meeting at the Palais des Congrès in Paris, France.

27 July

First-half 2012 income and results (30 June 2012).

27 & 28 September

Patrimonia trade show in Lyon, France.

20 October

"Mieux comprendre l'assurance" conference in Bordeaux, France.

14 November

Q1-Q3 income and results

17 November

"Mieux comprendre l'assurance" conference in Tours, France.

23 & 24 November

Actionaria trade show in Paris, France.

15 December

"Mieux comprendre l'assurance" conference in Strasbourg, France.

CNP Assurances is a *société anonyme* (public limited company) incorporated in France with fully paid-up share capital of €594,151,292.
Registered office: 4, place Raoul Dautry,
75716 Paris Cedex 15
Registration number: 341 737 062 RCS Paris
Governed by the French Insurance Code
Website: www.cnp.fr

CNP ASSURANCES

L'assureur de toute une vie

GROUPE Caisse desDépôts

CNP/April 2012 /F6/05