

CNP ASSURANCES

CONDENSED INTERIM  
CONSOLIDATED FINANCIAL  
STATEMENTS

Six months ended 30 June 2007

**DRAFT\***

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# Consolidated Balance Sheet

| ASSETS (in € millions)  | 30/06/2007       | 31/12/2006       | 30/06/2006<br>Pro forma |
|---|------------------|------------------|-------------------------|
| Goodwill  | 658,2            | 640,7            | 654,2                   |
| Contractual customer relationships                              | 196,6            | 179,5            | 188,0                   |
| Other intangible assets   | 25,4             | 29,9             | 29,5                    |
| <b>Total intangible assets</b>                                  | <b>880,2</b>     | <b>850,1</b>     | <b>871,7</b>            |
| Investment property   | 1 443,5          | 1 285,6          | 1 226,0                 |
| Held-to-maturity investments                                    | 954,5            | 894,5            | 867,5                   |
| Available-for-sale financial assets                             | 174 639,6        | 173 932,8        | 163 746,5               |
| Financial assets at fair value through profit or loss           | 76 810,9         | 69 985,2         | 66 155,6                |
| Loans and receivables   | 1 994,2          | 2 034,6          | 2 232,8                 |
| Derivative financial instruments                                | 1 997,8          | 1 636,4          | 1 503,9                 |
| <b>Insurance investments</b>                                    | <b>257 840,5</b> | <b>249 769,1</b> | <b>235 732,3</b>        |
| <b>Banking and other investments</b>                            | <b>112,2</b>     | <b>690,2</b>     | <b>621,6</b>            |
| <b>Investments in associates</b>                                | <b>422,5</b>     | <b>300,3</b>     | <b>437,6</b>            |
| <b>Reinsurers' share of insurance and financial liabilities</b> | <b>5 884,1</b>   | <b>5 912,6</b>   | <b>5 586,2</b>          |
| Insurance and reinsurance receivables                           | 2 532,7          | 2 197,4          | 2 474,7                 |
| Current tax assets  | 274,6            | 424,8            | 258,0                   |
| Other receivables   | 890,7            | 1 629,5          | 1 915,8                 |
| Property and equipment  | 193,4            | 197,6            | 193,8                   |
| Other non-current assets  | 187,6            | 132,0            | 141,2                   |
| Deferred participation asset                                    | 0,0              | 0,0              | 0,0                     |
| Deferred tax assets   | 15,8             | 41,1             | 14,3                    |
| <b>Other assets</b>   | <b>4 094,8</b>   | <b>4 622,4</b>   | <b>4 997,8</b>          |
| <b>Assets held for sale</b>                                     | <b>0,0</b>       | <b>0,0</b>       | <b>0,0</b>              |
| <b>Cash and cash equivalents</b>                                | <b>1 098,6</b>   | <b>1 126,8</b>   | <b>1 141,1</b>          |
| <b>TOTAL ASSETS</b>   | <b>270 332,9</b> | <b>263 271,5</b> | <b>249 388,3</b>        |

| <b>EQUITY AND LIABILITIES (in € millions)</b>                                     | <b>30/06/2007</b> | <b>31/12/2006</b> | <b>30/06/2006<br/>Pro forma</b> |
|---|-------------------|-------------------|---------------------------------|
| Share capital   | 594,2             | 554,5             | 554,5                           |
| Share premium account   | 981,5             | 321,5             | 321,5                           |
| Revaluation reserve   | 2 395,2           | 2 077,4           | 2 641,7                         |
| Deeply subordinated debt  | 2 035,0           | 2 035,0           | 785,0                           |
| Retained earnings   | 4 424,2           | 4 171,4           | 4 178,8                         |
| Profit for the period   | 567,9             | 1 145,3           | 280,3                           |
| Translation reserve   | 126,0             | 90,6              | 104,7                           |
| <b>Equity attributable to equity holders of the parent</b>                        | <b>11 124,0</b>   | <b>10 395,7</b>   | <b>8 866,5</b>                  |
| Minority interests  | 604,8             | 1 513,8           | 1 329,9                         |
| <b>Total equity</b>   | <b>11 728,8</b>   | <b>11 909,5</b>   | <b>10 196,4</b>                 |
| Insurance liabilities (excluding unit-linked)                                     | 50 442,7          | 44 866,4          | 40 643,5                        |
| Insurance liabilities – unit-linked   | 26 741,8          | 22 921,6          | 19 585,3                        |
| <b>Insurance liabilities</b>  | <b>77 184,5</b>   | <b>67 788,0</b>   | <b>60 228,8</b>                 |
| Financial liabilities - financial instruments with DPF (excluding unit-linked)    | 136 701,1         | 133 584,2         | 131 919,1                       |
| Financial liabilities - financial instruments without DPF (excluding unit-linked) | 471,5             | 392,6             | 384,1                           |
| Financial liabilities - unit-linked financial instruments                         | 15 333,6          | 15 778,9          | 15 434,6                        |
| <b>Financial liabilities</b>  | <b>152 506,2</b>  | <b>149 755,7</b>  | <b>147 737,8</b>                |
| Derivative financial instruments separated from the host contract                 | 0,0               | 0,0               | 0,0                             |
| Deferred participation reserve  | 9 676,8           | 12 133,3          | 9 473,3                         |
| <b>Insurance and financial liabilities</b>  | <b>239 367,5</b>  | <b>229 677,0</b>  | <b>217 439,9</b>                |
| <b>Provisions</b>   | <b>109,3</b>      | <b>96,1</b>       | <b>75,2</b>                     |
| Subordinated debt   | 1 930,0           | 1 926,3           | 1 926,3                         |
| <b>Financing liabilities</b>  | <b>1 930,0</b>    | <b>1 926,3</b>    | <b>1 926,3</b>                  |
| Operating liabilities represented by securities                                   | 4 111,7           | 6 661,8           | 6 251,7                         |
| Operating liabilities due to banks  | 744,2             | 319,2             | 917,8                           |
| Liabilities arising from insurance and reinsurance transactions                   | 2 173,2           | 1 842,8           | 1 758,8                         |
| Current taxes payable   | 170,2             | 167,7             | 112,0                           |
| Current account advances  | 309,2             | 36,5              | 42,1                            |
| Liabilities towards holders of units in controlled mutual funds                   | 4 711,9           | 3 035,3           | 4 569,4                         |
| Derivative financial instruments  | 1 491,0           | 1 410,6           | 1 301,3                         |
| Deferred tax liabilities  | 1 624,0           | 1 587,4           | 532,0                           |
| Other liabilities   | 1 861,9           | 4 601,3           | 4 265,5                         |
| <b>Other liabilities</b>  | <b>17 197,3</b>   | <b>19 662,6</b>   | <b>19 750,6</b>                 |
| <b>Liabilities related to assets held for sale</b>                                | <b>0,0</b>        | <b>0,0</b>        | <b>0,0</b>                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>270 332,9</b>  | <b>263 271,5</b>  | <b>249 388,3</b>                |

# Consolidated Income Statement

| (in € millions)   | 2007<br>(6 months) | 2006<br>(12 months) | 2006<br>(6 months)<br>Pro forma |
|---|--------------------|---------------------|---------------------------------|
| Written premiums  | 17 486,6           | 31 947,2            | 16 383,1                        |
| Change in unearned premiums reserve   | -104,3             | -25,2               | -105,6                          |
| <b>Earned premiums</b>  | <b>17 382,3</b>    | <b>31 922,0</b>     | <b>16 277,5</b>                 |
| Revenue from other activities   | 71,8               | 171,9               | 78,3                            |
| Other operating revenue   | 0,0                | 0,2                 | 0,0                             |
| Investment income   | 5 007,8            | 8 742,2             | 4 735,2                         |
| Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation | 705,5              | 1 451,5             | 245,3                           |
| Change in fair value of financial assets at fair value through profit or loss                       | 1 750,8            | 2 039,3             | -773,4                          |
| Impairment losses on financial instruments  | 59,6               | -24,7               | -29,7                           |
| <b>Net financial income, before finance costs</b>   | <b>7 523,7</b>     | <b>12 208,3</b>     | <b>4 177,4</b>                  |
| <b>Net revenue</b>  | <b>24 977,8</b>    | <b>44 302,4</b>     | <b>20 533,2</b>                 |
| Claims and benefits expenses  | -22 002,7          | -38 952,5           | -18 195,7                       |
| Investment expenses and interest expense, excluding finance costs                                   | -342,5             | -566,6              | -338,6                          |
| Reinsurance result  | -34,3              | -3,6                | -24,7                           |
| Expenses of other businesses  | -9,3               | -23,7               | -11,4                           |
| Acquisition costs   | -1 328,7           | -2 459,7            | -1 155,7                        |
| Amortisation of value of business acquired  | -9,5               | -16,3               | -8,1                            |
| Contract administration expenses  | -207,1             | -389,1              | -193,4                          |
| Other recurring operating income and expense, net   | -104,8             | -86,8               | -10,0                           |
| <b>Other recurring operating income and expense, net</b>  | <b>-24 038,9</b>   | <b>-42 498,3</b>    | <b>-19 937,6</b>                |
| <b>Recurring operating profit</b>   | <b>938,9</b>       | <b>1 803,9</b>      | <b>595,6</b>                    |
| Other operating income and expense, net   | 2,1                | 0,0                 | 0,0                             |
| <b>Operating profit</b>   | <b>941,0</b>       | <b>1 803,9</b>      | <b>595,6</b>                    |
| Finance costs   | -52,0              | -104,9              | -49,0                           |
| Share of profit of associates   | 23,0               | 46,0                | 24,7                            |
| Income tax expense  | -258,1             | -314,7              | -188,1                          |
| Profit (loss) of discontinued operations  | 0,0                | 0,0                 | 0,0                             |
| <b>Profit for the period</b>  | <b>653,9</b>       | <b>1 430,3</b>      | <b>383,2</b>                    |
| Attributable to minority interests  | -86,0              | -285,0              | -102,9                          |
| <b>Attributable to equity holders of the parent</b>   | <b>567,9</b>       | <b>1 145,3</b>      | <b>280,3</b>                    |
| Basic earnings per share (in €)   | 3,8                | 7,7                 | 2,0                             |
| Diluted earnings per share (in €)   |                    |                     |                                 |

# Consolidated Statement of Changes in Equity and Recognised Income and Expense

## First-half 2007

| (in € millions)  |  |                       |                     |                          |                              |                     |   |   |                 |
|--|--|-----------------------|---------------------|--------------------------|------------------------------|---------------------|---|---|-----------------|
|  | Attributable to equity holders of the parent |                       |                     |                          |                              |                     |   | Equity attributable to minority interests | Total equity    |
|  | Share capital                                | Share premium account | Revaluation reserve | Deeply subordinated debt | Retained earnings and profit | Translation reserve | Equity attributable to equity holders of the parent |   |                 |
| <b>At 1 January 2007</b>                                     | <b>554,5</b>                                 | <b>321,5</b>          | <b>2 077,4</b>      | <b>2 035,0</b>           | <b>5 316,7</b>               | <b>90,6</b>         | <b>10 395,7</b>                                     | <b>1 513,8</b>                            | <b>11 909,5</b> |
| Fair value adjustments recognised in equity                  |  |                       |                     |                          |                              |                     |   |   |                 |
| - Available-for-sale financial assets (AFS)                  |  |                       | -2 908,7            |                          |                              |                     | -2 908,7  | -7,5                                      | -2 916,2        |
| - Shadow accounting adjustments (before deferred tax effect) |  |                       | 3 242,1             |                          |                              |                     | 3 242,1   | 3,5                                       | 3 245,6         |
| - Deferred taxes   |  |                       | -77,5               |                          |                              |                     | -77,5   | 1,2                                       | -76,3           |
| Exchange differences on translating foreign operations       |  |                       |                     |                          |                              | 35,4                | 35,4  | 20,8                                      | 56,2            |
| Other movements  |  |                       |                     |                          | 7,1                          |                     | 7,1   |   | 7,1             |
| <b>Net income recognised directly in equity</b>              | <b>0,0</b>                                   | <b>0,0</b>            | <b>255,9</b>        | <b>0,0</b>               | <b>7,1</b>                   | <b>35,4</b>         | <b>298,4</b>  | <b>18,0</b>                               | <b>316,4</b>    |
| Profit for the period  |  |                       |                     |                          | 567,9                        |                     | 567,9   | 86,0                                      | 653,9           |
| <b>Total recognised income and expense for the period</b>    | <b>0,0</b>                                   | <b>0,0</b>            | <b>255,9</b>        | <b>0,0</b>               | <b>575,0</b>                 | <b>35,4</b>         | <b>866,3</b>  | <b>104,0</b>                              | <b>970,3</b>    |
| - Dividends paid   |  |                       |                     |                          | -340,9                       |                     | -340,9  | -69,8                                     | -410,7          |
| - Issue of shares  | 39,7   | 660,0                 |                     |                          |                              |                     | 699,7   |   | 699,7           |
| - Equity component of share-based payments                   |  |                       |                     |                          |                              |                     | 0,0   |   | 0,0             |
| - Deeply-subordinated debt, net of tax                       |  |                       |                     |                          | -23,5                        |                     | -23,5   | -2,2                                      | -25,7           |
| - Treasury shares, net of tax                                |  |                       |                     |                          | -12,2                        |                     | -12,2   |   | -12,2           |
| - Other movements  |  |                       | 61,9                |                          | -523,0                       |                     | -461,1  | -941,0                                    | -1 402,1        |
| <b>At 30 June 2007</b>                                       | <b>594,2</b>                                 | <b>981,5</b>          | <b>2 395,2</b>      | <b>2 035,0</b>           | <b>4 992,1</b>               | <b>126,0</b>        | <b>11 124,0</b>                                     | <b>604,8</b>                              | <b>11 728,8</b> |

| (in € millions)  | Attributable to equity holders of the parent |                       |                     |                          |                              |                     |   | Equity attributable to minority interests | Total equity    |
|--|--|-----------------------|---------------------|--------------------------|------------------------------|---------------------|---|---|-----------------|
|  | Share capital                                | Share premium account | Revaluation reserve | Deeply subordinated debt | Retained earnings and profit | Translation reserve | Equity attributable to equity holders of the parent |   |                 |
| <b>At 1 January 2006</b>                                     | <b>554,5</b>                                 | <b>321,5</b>          | <b>2 529,4</b>      | <b>625,0</b>             | <b>4 632,6</b>               | <b>104,0</b>        | <b>8 767,0</b>                                      | <b>1 415,4</b>                            | <b>10 182,4</b> |
| Fair value adjustments recognised in equity                  |  |                       |                     |                          |                              |                     |   |   |                 |
| - Available-for-sale financial assets (AFS)                  |  |                       | -2 049,0            |                          |                              |                     | -2 049,0  | -943,1                                    | -2 992,1        |
| - Shadow accounting adjustments (before deferred tax effect) |  |                       | 2 335,3             |                          |                              |                     | 2 335,3   | 893,8                                     | 3 229,1         |
| - Deferred taxes   |  |                       | -855,4              |                          |                              |                     | -855,4  | -117,2                                    | -972,6          |
| Exchange differences on translating foreign operations       |  |                       |                     |                          |                              | -13,4               | -13,4   | -12,1                                     | -25,5           |
| Other movements  |  |                       | 117,1               |                          | -160,6                       |                     | -43,5   |   | -43,5           |
| <b>Net income recognised directly in equity</b>              | <b>0,0</b>                                   | <b>0,0</b>            | <b>-452,0</b>       | <b>0,0</b>               | <b>-160,6</b>                | <b>-13,4</b>        | <b>-626,0</b>                                       | <b>-178,6</b>                             | <b>-804,6</b>   |
| Profit for the period  |  |                       |                     |                          | 1 145,3                      |                     | 1 145,3   | 285,0                                     | 1 430,3         |
| <b>Total recognised income and expense for the period</b>    | <b>0,0</b>                                   | <b>0,0</b>            | <b>-452,0</b>       | <b>0,0</b>               | <b>984,7</b>                 | <b>-13,4</b>        | <b>519,3</b>  | <b>106,4</b>                              | <b>625,7</b>    |
| - Dividends paid   |  |                       |                     |                          | -264,2                       |                     | -264,2  | -168,4                                    | -432,6          |
| - Issue of shares  |  |                       |                     |                          |                              |                     |   |   | 0,0             |
| - Equity component of share-based payments                   |  |                       |                     |                          |                              |                     |   |   | 0,0             |
| - Deeply-subordinated debt, net of tax                       |  |                       |                     | 1 410,0                  | -25,5                        |                     | 1 384,5   | 107,9                                     | 1 492,4         |
| - Treasury shares, net of tax                                |  |                       |                     |                          | -16,2                        |                     | -16,2   |   | -16,2           |
| - Other movements  |  |                       |                     |                          | 5,3                          |                     | 5,3   | 52,5                                      | 57,8            |
| <b>At 31 December 2006</b>                                   | <b>554,5</b>                                 | <b>321,5</b>          | <b>2 077,4</b>      | <b>2 035,0</b>           | <b>5 316,7</b>               | <b>90,6</b>         | <b>10 395,7</b>                                     | <b>1 513,8</b>                            | <b>11 909,5</b> |
| Change of method (IAS 8) and correction of errors            |  |                       |                     |                          |                              |                     | 0,0   |   | 0,0             |

**First-half 2006**

| (in € millions)  |  |                       |                     |                          |                              |                     |   |   |                 |
|--|--|-----------------------|---------------------|--------------------------|------------------------------|---------------------|---|---|-----------------|
|  | Attributable to equity holders of the parent |                       |                     |                          |                              |                     |   | Equity attributable to minority interests | Total equity    |
|  | Share capital                                | Share premium account | Revaluation reserve | Deeply subordinated debt | Retained earnings and profit | Translation reserve | Equity attributable to equity holders of the parent |   |                 |
| <b>At 1 January 2006</b>                                     | <b>554,5</b>                                 | <b>321,5</b>          | <b>2 529,4</b>      | <b>625,0</b>             | <b>4 632,6</b>               | <b>104,0</b>        | <b>8 767,0</b>                                      | <b>1 415,4</b>                            | <b>10 182,4</b> |
| Fair value adjustments recognised in equity                  |  |                       |                     |                          |                              |                     |   |   |                 |
| - Available-for-sale financial assets (AFS)                  |  |                       | -3 848,5            |                          |                              |                     | -3 848,5  | -1 195,2                                  | -5 043,7        |
| - Shadow accounting adjustments (before deferred tax effect) |  |                       | 3 703,6             |                          |                              |                     | 3 703,6   | 1 141,5                                   | 4 845,1         |
| - Deferred taxes   |  |                       | 157,2               |                          |                              |                     | 157,2   | 36,2                                      | 193,4           |
| Exchange differences on translating foreign operations       |  |                       |                     |                          |                              | 0,7                 | 0,7   | -2,5                                      | -1,8            |
| Other movements  |  |                       | 100,0               |                          | -141,9                       |                     | -41,9   |   | -41,9           |
| <b>Net income recognised directly in equity</b>              | <b>0,0</b>                                   | <b>0,0</b>            | <b>112,3</b>        | <b>0,0</b>               | <b>-141,9</b>                | <b>0,7</b>          | <b>-28,9</b>  | <b>-20,0</b>                              | <b>-48,9</b>    |
| Profit for the period  |  |                       |                     |                          | 280,3                        |                     | 280,3   | 102,9                                     | 383,2           |
| <b>Total recognised income and expense for the period</b>    | <b>0,0</b>                                   | <b>0,0</b>            | <b>112,3</b>        | <b>0,0</b>               | <b>138,4</b>                 | <b>0,7</b>          | <b>251,4</b>  | <b>82,9</b>                               | <b>334,3</b>    |
| - Dividends paid   |  |                       |                     |                          | -264,2                       |                     | -264,2  | -168,3                                    | -432,5          |
| - Issue of shares  |  |                       |                     |                          |                              |                     | 0,0   |   | 0,0             |
| - Equity component of share-based payments                   |  |                       |                     |                          |                              |                     | 0,0   |   | 0,0             |
| - Deeply-subordinated debt, net of tax                       |  |                       |                     | 160,0                    | -17,6                        | 0,0                 | 142,4   |   | 142,4           |
| - Treasury shares, net of tax                                |  |                       |                     |                          | -16,4                        |                     | -16,4   |   | -16,4           |
| - Other movements  |  |                       |                     |                          | -13,7                        |                     | -13,7   | -0,1                                      | -13,8           |
| <b>At 30 June 2006</b>                                       | <b>554,5</b>                                 | <b>321,5</b>          | <b>2 641,7</b>      | <b>785,0</b>             | <b>4 459,1</b>               | <b>104,7</b>        | <b>8 866,5</b>                                      | <b>1 329,9</b>                            | <b>10 196,4</b> |
| Change of method (IAS 8) and correction of errors            |  |                       |                     |                          |                              |                     | 0,0   |   | 0,0             |



# Consolidated Cash Flow Statement

## The cash flow statement 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 equivalents

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

They include units in "ordinary" money market funds but do not include units in dynamic funds that are highly sensitive to changes in market prices, in accordance with the guidelines of the French securities regulator (AMF).

Cash and cash equivalents reported in the cash flow statement 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, owner-occupied 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
- Dividends paid to equity holders of the parent and minority shareholders of subsidiaries.

## Reconciliation of cash and cash equivalents reported in the balance sheet and in the cash flow statement

| (in € millions)                                       | 30/06/2007     | 31/12/2006     | 30/06/2006     |
|---|----------------|----------------|----------------|
| Cash and cash equivalents                             | 1,098.6        | 1,126.8        | 1,141.1        |
| Operating liabilities due to banks                    | (615.3)        | (172.4)        | (738.5)        |
| Financial assets at fair value through profit or loss | 3,997.8        | 4,840.7        | 4,449.0        |
| <b>TOTAL</b>  | <b>4,481.1</b> | <b>5,795.1</b> | <b>4,851.6</b> |

Cash and cash equivalents reported in the cash flow statement correspond to:

- Cash and cash equivalents reported in the balance sheet under assets.
- Operating liabilities due to banks, corresponding to short-term bank loans and overdrafts other than financing liabilities, reported in the balance sheet under liabilities.
- Financial assets at fair value through profit or loss, consisting of money market mutual funds, reported in the balance sheet under assets.

# Consolidated Cash Flow Statement

| <i>(in € millions)</i>   | <b>2007</b><br><b>(6 months)</b> | <b>2006</b><br><b>(12 months)</b> | <b>2006</b><br><b>(6 months)</b> |
|--|----------------------------------|-----------------------------------|----------------------------------|
| <b>Operating profit before tax</b>   | <b>941,0</b>                     | <b>1 803,7</b>                    | <b>595,7</b>                     |
| (Gains) losses on sales of investments, net  | -705,5                           | -1 451,5                          | -245,3                           |
| Depreciation and amortisation expense, net   | 35,3                             | 84,9                              | 33,5                             |
| Change in deferred acquisition costs   | 0,0                              | 0,0                               | 2,4                              |
| Impairment losses, net   | 23,4                             | -31,6                             | 0,5                              |
| Charges to technical reserves for insurance and financial liabilities  | 11 597,5                         | 21 406,8                          | 10 401,2                         |
| Charges to provisions, net   | -0,9                             | -10,2                             | -1,7                             |
| Change in fair value of financial assets at fair value through profit or loss (other than cash and cash equivalents) | -1 750,8                         | -2 057,4                          | 773,4                            |
| Other adjustments  | 583,4                            | 325,0                             | 99,4                             |
| <b>Total adjustments</b>   | <b>9 782,4</b>                   | <b>18 266,0</b>                   | <b>11 063,4</b>                  |
| Change in operating receivables and payables   | -1 417,1                         | 1 116,2                           | -121,2                           |
| Change in securities sold and purchased under repurchase and resale agreements (1)                                   | -2 508,4                         | 462,7                             | 75,5                             |
| Change in other assets and liabilities   | -1 089,9                         | -1 456,6                          | -725,5                           |
| Income taxes paid, net of reimbursements   | -145,3                           | -595,9                            | -233,2                           |
| <b>Net cash provided by operating activities</b>   | <b>5 562,6</b>                   | <b>19 596,2</b>                   | <b>10 654,7</b>                  |
| Acquisitions of subsidiaries and joint ventures, net of cash acquired (2)  | -933,8                           |                                   |                                  |
| Divestments of subsidiaries and joint ventures, net of cash sold   | 0,0                              |                                   |                                  |
| Acquisitions of associates   | 0,0                              |                                   |                                  |
| Divestments of associates  | 0,0                              |                                   |                                  |
| <b>Net cash used by acquisitions and divestments</b>   | <b>-933,8</b>                    | <b>0,0</b>                        | <b>0,0</b>                       |
| Proceeds from the sale of financial assets   | 72 119,2                         | 88 822,7                          | 41 659,1                         |
| Proceeds from the sale of investment properties  | 5,5                              | 49,3                              | 7,3                              |
| Proceeds from the sale of other investments  | 0,0                              |                                   | 0,0                              |
| <b>Net cash provided by sales and redemptions of investments</b>   | <b>72 124,7</b>                  | <b>88 872,1</b>                   | <b>41 666,5</b>                  |
| Acquisitions of financial assets   | -78 280,5                        | -109 025,4                        | -52 755,9                        |
| Acquisitions of investment properties  | 1,5                              | -148,2                            | -6,8                             |
| Acquisitions and/or issuance of other investments  | 0,0                              | -2,8                              | -1,5                             |
| <b>Net cash used by acquisitions of investments</b>  | <b>-78 279,0</b>                 | <b>-109 176,4</b>                 | <b>-52 764,1</b>                 |
| Proceeds from the sale of property and equipment and intangible assets   | 9,4                              | 7,1                               | 0,7                              |
| Purchases of property and equipment and intangible assets  | -12,5                            | -71,6                             | -18,9                            |
| <b>Net cash used by purchases and sales of property and equipment and intangible assets</b>                          | <b>-3,1</b>                      | <b>-64,5</b>                      | <b>-18,1</b>                     |
| <b>Net cash used by investing activities</b>   | <b>-7 091,2</b>                  | <b>-20 368,9</b>                  | <b>-11 115,8</b>                 |
| Issuance of equity instruments (3)   | 699,6                            | 51,5                              | 0,0                              |
| Redemption of equity instruments   | 0,0                              | -47,6                             | -31,7                            |
| Purchases and sales of treasury stock  | -10,7                            | -14,3                             | -17,4                            |
| Dividends paid   | -418,8                           | -442,0                            | -327,0                           |
| <b>Net cash provided (used) by transactions with shareholders</b>  | <b>270,1</b>                     | <b>-452,4</b>                     | <b>-376,1</b>                    |
| New borrowings   | 0,0                              | 1 518,0                           | 160,0                            |
| Repayments of borrowings   | -3,5                             | -2,8                              | -2,7                             |
| Interest paid on borrowings  | -49,9                            | -66,2                             | -39,2                            |
| <b>Net cash (used) provided by other financing activities</b>  | <b>-53,4</b>                     | <b>1 449,0</b>                    | <b>118,1</b>                     |
| <b>Net cash provided (used) by financing activities</b>  | <b>216,6</b>                     | <b>996,6</b>                      | <b>-258,0</b>                    |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>5 795,1</b>                   | <b>5 566,4</b>                    | <b>5 566,4</b>                   |
| Net cash provided by operating activities  | 5 562,6                          | 19 596,2                          | 10 654,7                         |
| Net cash used by investing activities  | -7 091,2                         | -20 368,9                         | -11 115,8                        |
| Net cash provided (used) by financing activities   | 216,6                            | 996,6                             | -258,0                           |
| Effect of changes in exchange rates  | -2,0                             | 4,8                               | 4,3                              |
| <b>Cash and cash equivalents at the period-end</b>   | <b>4 481,1</b>                   | <b>5 795,1</b>                    | <b>4 851,5</b>                   |

(1) Due to the discontinuation of the Écureuil Vie bond picking business

(2) Acquisition of an additional 49.9% stake in Écureuil Vie for €1,404.8 million and acquisition of Skandia Vida, Spain (€471 million net cash inflow, corresponding to the €77 million purchase consideration and €548 million in cash acquired).

(3) €699.6 million share issue by CNP Assurances to finance part of the cost of the 49.9% additional stake in Écureuil Vie.

## **Notes to the consolidated financial statements**

### **Note 1 Significant events of first-half 2007**

#### **1.1 Share issue and signature of an addendum to the shareholders' agreement**

The new shares were issued with pre-emptive subscription rights for existing shareholders. The issue was approved by shareholders at an Extraordinary General Meeting held on 22 November 2006 and was carried out in January of this year. The Extraordinary General Meeting also voted a €7 million employee share issue. Prior to this, on 8 January 2007, the main shareholders of CNP Assurances signed an addendum to the amended 1998 agreement, extending it until 31 December 2015. The share issue was launched on 8 January 2007 and was heavily oversubscribed, with investors applying for some €1.3 billion worth of shares, or 1.85 times the planned amount. The gross issue proceeds amounted to €699.6 million. Caisse des Dépôts et Consignations and Sopassure both took up their share of the issue. The issue had the effect of increasing the number of outstanding shares to 148,537,823.

#### **1.2 Completion of the Écureuil Vie acquisition**

On 20 February 2007, CNP Assurances completed the acquisition of Groupe Caisse d'Épargne's 49.9% stake in Écureuil Vie. The transaction was referred to in the letter of intent covering Caisse des Dépôts et Consignations' withdrawal from the capital of Caisse Nationale des Caisses d'Épargne (CNCE) and was completed on the terms agreed between CNP Assurances and CNCE, as approved by their respective Supervisory Boards on 14 September and 10 October 2006. As agreed, the acquisition price of €1,406 million was adjusted to take into account the impact of changes in the financial markets on Écureuil Vie's NAV. The price adjustment, which was calculated on 16 February, led to a final acquisition price of €1,404.8 million. CNP Assurances and Groupe Caisse d'Épargne will continue to develop innovative personal insurance solutions through the Écureuil Vie product family and will set up a joint subsidiary to provide sales and marketing support and training to the Savings Banks networks, in order to promote Écureuil Vie product sales.

The acquisition was financed through a share issue and a deeply subordinated notes issue.

In line with Group accounting policies (see Note 3.3.2), goodwill arising on acquisition of this additional interest in a controlled entity was deducted from equity (see Note 5.1), in the amount of €471.6 million (see Note 6.3).

#### **1.3 Completion of acquisition of 94% of Skandia Vida in Spain**

As announced on 20 December 2007, and after obtaining regulatory approval in Spain, on 4 April CNP Assurances completed the acquisition of 94% of Spanish insurer Skandia Vida S.A. de Seguros y Reaseguros ("Skandia Vida") from Skandia Insurance Company Ltd, a subsidiary of Old Mutual plc, for €79.2 million. The remaining 6% of Skandia Vida is held by seven Spanish savings banks that distribute Skandia Vida products under non-exclusive agreements.

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

Skandia Vida has been renamed CNP Vida.

#### **1.4 Dilution of CNP Assurances' interest in Ixis Asset Management Group (Ixis AMG)**

CNP Assurances' interest in the capital of Ixis Asset Management Group (Ixis AMG) was reduced from 15.4% to 11.3% following the share issue carried out by Ixis AMG in late June in payment for assets acquired in a merger. Following the merger, Ixis Asset Management Group was renamed Natixis Global Asset Management (Natixis AM). The merger generated a €121.8 million dilution gain for CNP Assurances.

Despite the reduction in its interest, CNP Assurances continues to exercise significant influence over Natixis AM, which is therefore qualified as an associate under IFRS and is accounted for by the equity method. Significant influence derives in particular from CNP Assurances' two seats on the Natixis AM Board of Directors. It is also demonstrated by the material transactions carried out between CNP Assurances and Natixis AM.

CNP Assurances holds a put option on its Natixis AM shares, granted by Caisse Nationale des Caisses d'Épargne.

## **Note 2      *Subsequent events***

### **Change in governance system**

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

## **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. It has fully paid-up share capital of €594,151,292. The Company is registered in the Paris Trade and Companies Register under no. 341 737 062.

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

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

- Write life and endowment insurance
- Write bodily injury insurance covering accident and health risks
- Hold majority interests in insurance companies.

The consolidated financial statements for the six months ended 30 June 2007 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 11 September 2007.

### **3.1      *Statement of compliance***

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, based on the same accounting policies as for the annual financial statements.

The subsidiaries all apply Group accounting policies, as presented in these notes.

### **3.2      *Basis of preparation of the consolidated financial statements***

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

They have been prepared according to the cost model, except for 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 the following assets and liabilities which have been measured using 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.

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

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

The effect of changes in accounting estimates is recognised in the period of the change.

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

The accounting policies described below 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.

#### **3.3.1 Scope of consolidation and consolidation methods**

##### **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. 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 of sale.

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

The consolidated financial statements include the Group's share of the net assets and profits of associates, recognised by the equity method, from or 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 or made payments on behalf of the associate.

#### **3.3.2 Acquisitions of minority interests**

Goodwill arising on acquisition of minority interests in a subsidiary, i.e. a company that is already controlled by the Group, corresponding to the excess of the total cost of the additional shares over the additional share of the subsidiary's net assets acquired (including fair value adjustments recognised directly in equity), is recorded as a deduction from equity.

### **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 are 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 participation**

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

There are two types of deferred participation:

#### **3.5.1 Unconditional participation**

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

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

Deferred participation reserves on fair value adjustments to securities for which gains and losses adjust the capitalisation reserve are released to profit on the sale of the underlying securities.

#### **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 recognized 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 3.12.1.

### **3.6 Foreign currency translation**

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

Assets and liabilities of foreign operations – mainly foreign subsidiaries and independent branches – including goodwill and fair value adjustments recorded on consolidation, are translated into euros at the closing exchange rate. Income and expenses of foreign operations, other than entities operating in a hyperinflationary economy, are translated at the exchange rate on the transaction date. For practical reasons, the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

### **3.7 Foreign currency transactions**

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

In accordance with IAS 21, foreign currency transactions are translated into the entity's functional currency at the exchange rate on the transaction date. For practical reasons, 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 balance sheet date, monetary balance sheet items are translated using the closing rate, and the resulting exchange differences are recognised in profit.

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

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

Gains or losses arising from remeasurement at fair value at each period-end are recognised in profit.



## **3.8 Intangible assets**

### **3.8.1 Goodwill arising on business combinations**

Business combinations are accounted for by the purchase method.

For business combinations carried out since the IFRS transition date, the excess of the cost of the business combination (including transaction costs) over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired or assumed is recognised as goodwill.

For business combinations carried out prior to the IFRS transition date, goodwill has been recognised at deemed cost, corresponding to the carrying amount in the French GAAP financial statements prior to transition, as allowed under IFRS 1 (paragraph 15 and Appendix B).

Goodwill is stated at cost less any accumulated impairment losses. It is allocated to cash-generating units (CGUs) and is not amortised but is tested for impairment at each year-end, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill related to associates is included in the carrying amount of the investment in the associate.

Impairment tests are performed by comparing the recoverable amount of the CGU or group of CGUs to which the goodwill is allocated with its carrying amount. The recoverable amount of a CGU is estimated 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 contracts.

Negative goodwill is recognised directly in profit.

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the foreign operation for the purposes of translation into euros, in accordance with IAS 21 (paragraph 47).

### **3.8.2 Contractual customer relationships**

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 ("Contractual customer relationships") representing the difference between the fair value of these contracts and the amount described above.

Contractual customer relationships corresponding to purchased insurance portfolios are amortised by the effective interest method over the portfolios' remaining life.

### **3.8.3 Software**

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

In accordance with IAS 38, 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. Costs that do not fulfil the criteria for recognition as an asset under IAS 38 are recorded in expenses for the period.

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

## **3.9 Investments**

### **3.9.1 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 owner-occupied properties using the cost model under IAS 40 and IAS 16, except for properties held in unit-linked portfolios which are measured at fair value.

Details of the fair value of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value corresponds to the probable realisable value of properties and shares in unlisted property companies. It is determined on the basis of five-year valuations performed by a qualified expert recognised by the French insurance supervisor (ACAM). 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 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 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 these benefits 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 owner-occupied 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 each period-end, properties are reviewed to determine whether there is any indication that they may be impaired. If any such indication exists, their recoverable amount is estimated.

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

## **3.9.2 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 upon initial recognition 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 being at fair value through profit or loss 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 and liabilities are recognized 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 DPF (in accordance with the shadow accounting principle, see Note 3.12.1) and the deferred tax effect.

Changes in fair value of financial assets at fair value through profit or loss are recognised directly in profit, 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 3.12.1) and the deferred tax effect.

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

The fair value of financial instruments with no quoted market price in an active market is estimated using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, 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 period-end.

### Assets measured at amortised cost and available-for-sale debt instruments

An impairment loss is recorded in the income statement when there is objective evidence that the asset's recoverable amount is less than its carrying amount. Indications that an asset is impaired include, but are not limited to, the following:

- Significant financial difficulty of the issuer.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It becoming probable that the issuer will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for the financial asset because of financial difficulties.

### Available-for-sale equity instruments

At each period-end, 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:

- The average unit cost is greater than the maximum market price over the last six months, or
- Market price at the balance sheet date represents less than 80% of the average carrying amount.

The impairment loss recognised in the income statement is equal to the difference between the average carrying amount and the period-end market price.

An impairment loss is also recognised in the income statement for any prolonged decline in the value in use of unlisted shares in non-consolidated companies. Value in use is determined by applying the most appropriate financial criteria, considering the specific situation of each investee. The most commonly used criteria are the Group's share of the investee's equity and the investee's earnings outlook.

## **Reversals of impairment losses**

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

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

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

### ***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.

## **3.9.3 Financial assets backing linked liabilities**

Unit-linked contracts are contracts whose surrender value is equal to a number of units multiplied by the fair value of each unit at the measurement date. Unit-linked insurance contracts are measured at fair value, in the same way as in the French GAAP accounts. Unit-linked financial instruments without DPF or a guaranteed element that are accounted for in accordance with IAS 39 are measured at fair value.

## **3.9.4 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) instrument 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.

## **3.10 Equity**

Equity includes share capital, retained earnings, the portion of unrealised gains and losses from remeasurement at fair value and shadow accounting adjustments not recognised through profit, net of tax, the capitalisation reserve, net of tax, and deeply subordinated notes which are classified as equity due to the discretionary nature of interest payments (see Note 3.15)..

## **3.11 Treasury stock**

Treasury stock, corresponding mainly to shares acquired to stabilise the CNP Assurances share price, are recorded as a deduction from equity. The same treatment is applied to CNP Assurances shares acquired for allocation on exercise of share grants (see Note 3.14).

### **3.12 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 death/disability contracts, pension contracts, property and casualty contracts and unit-linked contracts with a guaranteed element.
- Financial instruments with a discretionary participation feature (DPF), comprising both non-unit-linked contracts with DPF and unit-linked contracts including a non-unit-linked component with DPF.

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

Contracts that do not fulfil the criteria for classification as either insurance contracts or financial instruments without a discretionary participation feature are recognised and measured in accordance with:

- 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.

#### **3.12.1 Insurance contracts and financial instruments with DPF**

##### **Insurance contracts**

Insurance contracts are 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.

Insurance risk is a risk other than a financial risk. Financial risk is the risk of a possible future change in one or more of 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 insured that are transferred to the Group under an insurance contract.

For each group of contracts with similar characteristics, the significance of 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 right to receive, as a supplement to guaranteed benefits, additional benefits:

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

##### **Hybrid contracts**

Certain contracts written by the Group comprise both an insurance component and a deposit component. These two components are unbundled only when the deposit component can be measured separately and, under the Group's accounting policies, the rights and obligations arising from the deposit component would not be recognised if the contract was not unbundled. The insurance component of an unbundled contract is accounted for under IFRS 4 and the deposit component under IAS 39.

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

Insurance contracts and financial instruments with DPF are accounted for in accordance with local GAAP, as well as with the specific provisions of IFRS 4 concerning shadow accounting (see Note 2.11) and liability adequacy tests. At each period-end, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under the insurance contracts and financial instruments with DPF.

## **> 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 premium loading or by the fees levied on financial products.

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

This reserve also includes the deferred participation resulting from the use of shadow accounting. The policyholder surplus recognised at 30 June is calculated by multiplying investment income for the period by the forecast participation rate for the year, excluding realised gains on Group subsidiaries and associates.

The dilution gain generated by the dilution of CNP Assurances' interest in Natixis Global AM gave place to a complementary policyholder participation right; after taxes and complementary participation, the impact of the dilution on the profit for the period is non-significant.

An unexpired risks reserve is set up to cover claims and benefits outstanding at the period-end.

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, 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, less related deferred acquisition costs and 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.

If the sum of the surrender value and deferred participation is less than the fair value of the recognised insurance liability, the deficiency is recognised in profit.

### > Shadow accounting

When the measurement of liabilities, deferred acquisition costs or contractual customer relationships is directly affected by realised gains and losses on assets, a deferred participation reserve is recorded in insurance liabilities to offset the unrealised gain, or in assets to offset the unrealised loss to the extent that the deferred participation is recoverable. Deferred participation follows the same accounting treatment as the underlying.

The deferred participation reserve is determined by multiplying fair value adjustments to assets by the estimated participation rate corresponding to the contractual obligations associated with each portfolio. The estimated participation rate takes into account regulatory and contractual participation clauses, as well as the Group's profit-taking programme and policyholder dividend policy. Deferred participation is recognised by adjusting either profit or equity, depending on the accounting treatment of the related unrealised gains or losses under IFRS. 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 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 participating dividend.

The deferred participation reserve is designed to address the risk of an artificial imbalance between assets and liabilities caused by the use of different valuation models for assets and liabilities.

### > Reinsurance

#### ***Outward reinsurance***

Premiums, claims and technical reserves are stated before reinsurance. Ceded amounts are recognised under "Reinsurance result".

Ceded technical reserves are tested for impairment at each period-end. 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.

### **3.12.2 Financial instruments without DPF (IAS 39)**

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

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

Non-unit-linked contracts are subsequently measured at fair value, corresponding to their surrender value.

### **3.12.3 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 balance sheet date, provided that the transaction's outcome can be estimated reliably.

### **3.13 Property and equipment**

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

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

### **3.14 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.

#### **3.14.1 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 France's General Tax Code. 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 where the plan operates.

##### **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 Government bond rate or the interest rate for investment-grade corporate bonds traded in an active market with maturities that match the duration of the benefit obligation.

For early retirement plans, as the duration of the benefit obligation is shorter, the discount rate is based on the yield curve at the balance sheet date.

##### **Accounting method**

The Group has elected to apply the option available under the 2005 amendment to IAS 19, allowing the recognition in equity of actuarial gains and losses under defined benefit plans.

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

The Group has elected not to apply the corridor method, but to recognise actuarial gains and losses directly in profit, except for gains and losses on post-employment benefit plans which are recognised in equity.

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.



### **3.14.2 Share-based payments**

#### **Employee share grants**

At the Annual General Meeting of 7 June 2005 (8th resolution), the shareholders authorised the Executive Board to make share grants representing up to 0.4% of the capital to the management and employees of the Company (Article L.225-197-1 II of France's Commercial Code) and related companies (Article L.225-197-2 of the Code). The 0.4% rate takes into account the shares covered by the grants.

The Executive Board was authorised to issue new shares for allocation to grantees, in which case the pre-emptive right of existing shareholders to subscribe to the issue would automatically be waived.

The authorisation was given for a period of 38 months. No share grants were made in 2005. On 5 July 2006, the Executive Board used the authorisation to make the following share grants:

#### **Terms and conditions of the 2006 share grants**

On 5 July 2006, the Executive Board made 52,920 share grants representing 0.038% of the Company's share capital at that date. The grants are subject to a two-year vesting period and a lock-up period.

#### **Terms and conditions of the first-half 2007 share grants**

On 19 June 2007, the Executive Board made 52,650 share grants representing 0.035% of the Company's share capital at that date. The grants are subject to a two-year vesting period and a lock-up period.

#### **Accounting treatment**

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

### **3.15 Financing liabilities**

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 are classified as financing liabilities.

### **3.16 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.

### **3.17 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 (formerly Sogestop C), Prévimut, Cicoge SA (a property investment company), CNP A2E and Age d'Or Expansion.

#### **Current and deferred taxes**

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

The income tax rate for the six months to 30 June corresponds to the estimated tax rate for the current year, applied to profit before tax for the period.

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 able to control the period in which the temporary difference will reverse and it is probable that it will not reverse in the foreseeable future.

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

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

### **3.18 Segment reporting**

The Group's primary and secondary reportable segments are the business segment and the geographic segment, respectively.

Reportable business segments have been defined based on the internal reporting system and the technical characteristics of the products distributed by the Group. Three business segments have been identified, that generate risks and returns which 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. Profit from these products depends on the occurrence of the insured risk.

Inter-segment transfer prices are determined on an arm's length basis.

Geographic segments have been defined based on economic conditions and local market features in the host countries. Based on these criteria, three geographic segments have been identified: France, Europe excluding France and South America.

### 3.19 *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      *Pro forma financial information reflecting the adjustment of deeply subordinated debt at 30 June 2006***

| <b>ASSETS (in € millions)</b>                                   | <b>30/06/2006<br/>Reported</b> | <b>Adjustment</b> | <b>30/06/2006<br/>Pro forma</b> |
|---|--------------------------------|-------------------|---------------------------------|
| <b>Total intangible assets</b>                                  | <b>871,7</b>                   | <b>0,0</b>        | <b>871,7</b>                    |
| Investment property   | 1 226,0                        |                   | 1 226,0                         |
| Held-to-maturity investments                                    | 867,5                          |                   | 867,5                           |
| Available-for-sale financial assets                             | 163 740,5                      | 6,0               | 163 746,5                       |
| Financial assets at fair value through profit or loss           | 66 155,6                       |                   | 66 155,6                        |
| Loans and receivables   | 2 232,8                        |                   | 2 232,8                         |
| Derivative instruments  | 1 503,9                        |                   | 1 503,9                         |
| <b>Insurance investments</b>                                    | <b>235 726,3</b>               | <b>6,0</b>        | <b>235 732,3</b>                |
| <b>Banking and other investments</b>                            | <b>621,6</b>                   |                   | <b>621,6</b>                    |
| <b>Investments in associates</b>                                | <b>437,6</b>                   |                   | <b>437,6</b>                    |
| <b>Reinsurers' share of insurance and financial liabilities</b> | <b>5 586,2</b>                 |                   | <b>5 586,2</b>                  |
| <b>Other assets</b>   | <b>4 997,8</b>                 |                   | <b>4 997,8</b>                  |
| <b>Assets held for sale</b>                                     | <b>0,0</b>                     |                   | <b>0,0</b>                      |
| <b>Cash and cash equivalents</b>                                | <b>1 141,1</b>                 |                   | <b>1 141,1</b>                  |
| <b>TOTAL ASSETS</b>   | <b>249 382,3</b>               | <b>6,0</b>        | <b>249 388,3</b>                |

The €6 million adjustment corresponds to the cancellation of accrued interest.

| <b>EQUITY AND LIABILITIES (in € millions)</b>                   | <b>30/06/2006<br/>Reported</b> | <b>Adjustment</b> | <b>30/06/2006<br/>Pro forma</b> |
|---|--------------------------------|-------------------|---------------------------------|
| Share capital   | 554,5                          |                   | 554,5                           |
| Share premium account   | 321,5                          |                   | 321,5                           |
| Revaluation reserve   | 2 641,7                        |                   | 2 641,7                         |
| Deeply subordinated debt (1)                                    | 0,0                            | 785,0             | 785,0                           |
| Retained earnings (2)   | 4 186,0                        | -7,2              | 4 178,8                         |
| Profit for the period (3)                                       | 269,1                          | 11,2              | 280,3                           |
| Translation reserve   | 104,7                          |                   | 104,7                           |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>      | <b>8 077,5</b>                 | <b>789,0</b>      | <b>8 866,5</b>                  |
| Minority interests  | 1 329,9                        |                   | 1 329,9                         |
| <b>Equity attributable to minority interests</b>                | <b>1 329,9</b>                 | <b>0,0</b>        | <b>1 329,9</b>                  |
| <b>Total equity</b>   | <b>9 407,4</b>                 | <b>789,0</b>      | <b>10 196,4</b>                 |
| <b>Insurance and financial liabilities</b>                      | <b>217 439,9</b>               |                   | <b>217 439,9</b>                |
| <b>Provision for liabilities and charges</b>                    | <b>75,2</b>                    |                   | <b>75,2</b>                     |
| Subordinated debt   | 2 711,3                        | -785,0            | 1 926,3                         |
| <b>Financing liabilities</b>                                    | <b>2 711,3</b>                 | <b>-785,0</b>     | <b>1 926,3</b>                  |
| Operating liabilities represented by securities                 | 6 251,7                        |                   | 6 251,7                         |
| Operating liabilities due to banks                              | 917,8                          |                   | 917,8                           |
| Liabilities arising from insurance and reinsurance transactions | 1 758,8                        |                   | 1 758,8                         |
| Current tax payable   | 112,0                          |                   | 112,0                           |
| Current account advances  | 42,1                           |                   | 42,1                            |
| Liabilities towards holders of units in controlled mutual funds | 4 569,4                        |                   | 4 569,4                         |
| Derivative financial instruments                                | 1 301,3                        |                   | 1 301,3                         |
| Deferred tax liabilities (4)                                    | 529,9                          | 2,1               | 532,0                           |
| Other liabilities   | 4 265,5                        |                   | 4 265,5                         |
| <b>Other liabilities</b>  | <b>19 748,5</b>                | <b>2,1</b>        | <b>19 750,6</b>                 |
| <b>Liabilities related to assets held for sale</b>              | <b>0,0</b>                     | <b>0,0</b>        | <b>0,0</b>                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>249 382,3</b>               | <b>6,0</b>        | <b>249 388,3</b>                |

(1) Adjustment of deeply subordinated notes previously classified in financing liabilities and now recognised in equity.

(2) Inclusion in equity of interest on deeply subordinated notes and cancellation of accrued interest (€11 million negative adjustment) and the corresponding deferred tax (€3.8 million positive adjustment).

(3) Adjustment through equity of paid interest (including deferred tax effect) and cancellation of accrued interest.

(4) Deferred tax on accrued interest cancelled through profit.

| (in € millions)                                     | First-half 2006<br>Reported | Adjustment  | First-half 2006<br>Pro forma |
|---|-----------------------------|-------------|------------------------------|
| <b>Earned premiums</b>                              | <b>16 277,5</b>             |             | <b>16 277,5</b>              |
| <b>Revenue from other activities</b>                | <b>78,3</b>                 |             | <b>78,3</b>                  |
| <b>Net financial income, before finance costs</b>   | <b>4 177,4</b>              |             | <b>4 177,4</b>               |
| <b>Net revenue</b>                                  | <b>20 533,2</b>             |             | <b>20 533,2</b>              |
| <b>Other recurring operating income and expense</b> | <b>-19 937,6</b>            |             | <b>-19 937,6</b>             |
| <b>Recurring operating profit</b>                   | <b>595,6</b>                |             | <b>595,6</b>                 |
| <b>Other operating income and expense</b>           | <b>0,0</b>                  |             | <b>0,0</b>                   |
| <b>Operating profit</b>                             | <b>595,6</b>                |             | <b>595,6</b>                 |
| Finance costs (1)                                   | -66,1                       | 17,1        | -49,0                        |
| Share of profit of associates                       | 24,7                        |             | 24,7                         |
| Income tax expense (2)                              | -182,2                      | -5,9        | -188,1                       |
| <b>Profit for the period</b>                        | <b>372,0</b>                | <b>11,2</b> | <b>383,2</b>                 |
| Attributable to minority interests                  | -102,9                      | 0,0         | -102,9                       |
| <b>Attributable to equity holders of the parent</b> | <b>269,1</b>                | <b>11,2</b> | <b>280,3</b>                 |

(1) Cancellation of paid and accrued interest.

(2) Deferred taxes on the cancellation of paid and accrued interest.

## Note 5 Share capital

### 5.1 Deeply subordinated notes reclassified in equity

| 30/06/2007  |            |   |          |                |
|---|------------|---|----------|----------------|
| (in € millions)   | Issue date | Interest rate   | Currency | Amount         |
| <b>Deeply subordinated debt, attributable to equity holders of the parent</b> |            |   |          | <b>2 035,0</b> |
| CNP Assurances  | June 2004  | Tec 10 + 10bps, capped at 9%  | €        | 250,0          |
| CNP Assurances  | Nov. 2004  | Tec 10 + 10bps, capped at 9%  | €        | 50,0           |
| CNP Assurances  | March 2005 | 6.50% until 2008, then 3% + 22.5%<br>times 10-year EUR CMS  | €        | 225,0          |
| CNP Assurances  | March 2005 | 6.25% until 2009, then 4 times (10-year<br>EUR CMS – 2-year EUR CMS), 9% cap<br>and 2.75% floor         | €        | 25,0           |
| CNP Assurances  | June 2005  | 7% until 2009, then 10-year EUR CMS<br>+ 30 bps, cap at (10-year EUR CMS –<br>2-year EUR CMS), 2% floor | €        | 75,0           |
| CNP Assurances  | May 2006   | 5.25% until 16 May 2036, then 3-month<br>Euribor + 185 bps  | €        | 160,0          |
| CNP Assurances  | Dec. 2006  | 4.750%  | €        | 1 250,0        |
| <b>Total</b>  |            |   |          | <b>2 035,0</b> |

| 30/06/2007  |            |   |          |              |
|---|------------|---|----------|--------------|
| (in € millions)   | Issue date | Interest rate   | Currency | Amount       |
| <b>Deeply subordinated debt, attributable to minority interests</b> |            |   |          | <b>108,0</b> |
| Écureuil Vie  | Dec. 2006  | 3-month Euribor + 95 bps until 20<br>December 2026, then 3-month Euribor<br>+ 195 bps | €        | 108,0        |
| <b>Total</b>  |            |   |          | <b>108,0</b> |

31/12/2006

| <i>(in € millions)</i>  | <i>Issue date</i> | <i>Interest rate</i>  | <i>Currency</i> | <i>Amount</i>  |
|---|-------------------|---|-----------------|----------------|
| <b>Deeply subordinated debt, attributable to equity holders of the parent</b> |                   |   |                 | <b>2 035,0</b> |
| CNP Assurances  | June 2004         | Tec 10 + 10bps, capped at 9%  | €               | 250,0          |
| CNP Assurances  | Nov. 2004         | Tec 10 + 10bps, capped at 9%  | €               | 50,0           |
| CNP Assurances  | March 2005        | 6.50% until 2008, then 3% + 22.5%<br>times 10-year EUR CMS  | €               | 225,0          |
| CNP Assurances  | March 2005        | 6.25% until 2009, then 4 times (10-year<br>EUR CMS – 2-year EUR CMS), 9% cap<br>and 2.75% floor         | €               | 25,0           |
| CNP Assurances  | June 2005         | 7% until 2009, then 10-year EUR CMS<br>+ 30 bps, cap at (10-year EUR CMS –<br>2-year EUR CMS), 2% floor | €               | 75,0           |
| CNP Assurances  | May 2006          | 5.25% until 16 May 2036, then 3-month<br>Euribor + 185 bps  | €               | 160,0          |
| CNP Assurances  | Dec. 2006         | 4.750%  | €               | 1 250,0        |
| <b>Total</b>  |                   |   |                 | <b>2 035,0</b> |

31/12/2006

| <i>(in € millions)</i>  | <i>Issue date</i> | <i>Interest rate</i>  | <i>Currency</i> | <i>Amount</i> |
|---|-------------------|---|-----------------|---------------|
| <b>Deeply subordinated debt, attributable to minority interests</b> |                   |   |                 | <b>108,0</b>  |
| Écureuil Vie  | Dec. 2006         | 3-month Euribor + 95 bps until 20<br>December 2026, then 3-month Euribor<br>+ 195 bps | €               | 108,0         |
| <b>Total</b>  |                   |   |                 | <b>108,0</b>  |

30/06/2006 - Pro forma

| <i>(in € millions)</i>  | <i>Issue date</i> | <i>Interest rate</i>  | <i>Currency</i> | <i>Amount</i> |
|---|-------------------|---|-----------------|---------------|
| <b>Deeply subordinated debt, attributable to equity holders of the parent</b> |                   |   |                 | <b>785,0</b>  |
| CNP Assurances  | June 2004         | Tec 10 + 10bps, capped at 9%  | €               | 250,0         |
| CNP Assurances  | Nov. 2004         | Tec 10 + 10bps, capped at 9%  | €               | 50,0          |
| CNP Assurances  | March 2005        | 6.50% until 2008, then 3% + 22.5%<br>times 10-year EUR CMS  | €               | 225,0         |
| CNP Assurances  | March 2005        | 6.25% until 2009, then 4 times (10-year<br>EUR CMS – 2-year EUR CMS), 9% cap<br>and 2.75% floor         | €               | 25,0          |
| CNP Assurances  | June 2005         | 7% until 2009, then 10-year EUR CMS<br>+ 30 bps, cap at (10-year EUR CMS –<br>2-year EUR CMS), 2% floor | €               | 75,0          |
| CNP Assurances  | May 2006          | 5.25% until 16 May 2036, then 3-month<br>Euribor + 185 bps  | €               | 160,0         |
| <b>Total</b>  |                   |   |                 | <b>785,0</b>  |

## 5.2 Ownership structure

| Shareholder  | Number of shares   | Percentage interest |
|--|--------------------|---------------------|
| Caisse des Dépôts et Consignations                               | 58 247 326         | 39,21%              |
| Sopassure (La Poste and Groupe Caisse d'Epargne holding company) | 52 705 478         | 35,48%              |
| French State   | 1 618 841          | 1,09%               |
| <b>Total shares held in concert</b>                              | <b>112 571 645</b> | <b>75,79%</b>       |
| Public   | 35 966 178         | 24,21%              |
| of which: CNP Assurances (treasury stock)                        | 463 141            | 0,31%               |
| <b>Total</b>   | <b>148 537 823</b> | <b>100,00%</b>      |

## 5.3 Equity

| Number of shares  | Ordinary shares    |                     |                    |
|---|--------------------|---------------------|--------------------|
|   | 2007<br>(6 months) | 2006<br>(12 months) | 2006<br>(6 months) |
| Number of shares outstanding at the beginning of the period | 138 635 302        | 138 635 302         | 138 635 302        |
| Shares issued during the period                             | 9 902 521          | -                   | -                  |
| Number of shares outstanding at the end of the period       | 148 537 823        | 138 635 302         | 138 635 302        |

In first-half 2007, 9,902,521 shares were issued, raising the total number of shares outstanding to 148,537,823.

## 5.4 Basic and diluted earnings per share

| (in € millions)   | 2007<br>(6 months) | 2006<br>(12 months) | 2006<br>(6 months)<br>Pro forma |
|---|--------------------|---------------------|---------------------------------|
| Profit attributable to equity holders of the parent                 | 567,9              | 1 145,3             | 280,3                           |
| Dividends on preferred shares                                       | 0,0                | 0,0                 | 0,0                             |
| <b>Profit attributable to ordinary equity holders of the parent</b> | <b>567,9</b>       | <b>1 145,3</b>      | <b>280,3</b>                    |

|  | 2007<br>(6 months)   | 2006*<br>(12 months) | 2006<br>(6 months)<br>Pro forma |
|--|----------------------|----------------------|---------------------------------|
| Number of ordinary shares outstanding at the beginning of the period       | 148 537 823,0        | 138 635 302,0        | 138 635 302,0                   |
| Treasury shares  | -334 805,3           | -278 683,3           | -190 063,0                      |
| Ordinary shares issued during the period*                                  |                      | 9 902 521,0          | 0,0                             |
| <b>Weighted average number of ordinary shares at the end of the period</b> | <b>148 203 017,7</b> | <b>148 259 139,8</b> | <b>138 445 239,0</b>            |

\* Shares issued in 2007 with rights to the 2006 dividend are included in the calculation of diluted earnings per share for 2006.

| (in € per share)                                  | 2007<br>(6 months) | 2006*<br>(12 months) | 2006<br>(6 months)<br>Pro forma |
|---|--------------------|----------------------|---------------------------------|
| Basic earnings per share                          | 3,8                | 7,7                  | 2,0                             |
| After-tax effect of interest on convertible bonds | 0,0                | 0,0                  | 0,0                             |
| <b>Diluted earnings per share</b>                 | <b>3,8</b>         | <b>7,7</b>           | <b>2,0</b>                      |

\* Provisional financial statements. Statutory Auditors' review report pending

| (in € millions)  | 2007<br>(6 months) | 2006*<br>(12 months) | 2006<br>(6 months)<br>Pro forma |
|--|--------------------|----------------------|---------------------------------|
| Profit attributable to ordinary equity holders of the parent | 567,9              | 1 145,3              | 280,3                           |

Diluted earnings per share is calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of shares outstanding at the balance sheet date.

## Note 6 Scope of consolidation

### 6.1 Consolidated companies and percentage of voting rights at 30 June 2007

| Name                                    | Consolidation method | Country   | % voting rights | % interest | Business                 |
|---|----------------------|-----------|-----------------|------------|--------------------------|
| <b><u>1. Strategic subsidiaries</u></b> |                      |           |                 |            |                          |
| CNP Assurances                          | Full                 | France    | 100.00%         | 100.00%    | Insurance                |
| CNP IAM                                 | Full                 | France    | 100.00%         | 100.00%    | Insurance                |
| Previposte                              | Full                 | France    | 100.00%         | 100.00%    | Insurance                |
| Écureuil                                | Full                 | France    | 100.00%         | 100.00%    | Insurance                |
| ITV                                     | Full                 | France    | 100.00%         | 100.00%    | Insurance                |
| CNP International                       | Full                 | France    | 100.00%         | 100.00%    | Insurance                |
| Assurposte                              | Proportionate        | France    | 50.00%          | 50.00%     | Insurance                |
| Global                                  | Full                 | Portugal  | 83.52%          | 83.52%     | Insurance                |
| Global Vida                             | Full                 | Portugal  | 83.57%          | 83.57%     | Insurance                |
| CNP Seguros de Vida                     | Full                 | Argentina | 76.47%          | 76.47%     | Insurance                |
| Caixa Seguros                           | Full                 | Brazil    | 51.75%          | 51.75%     | Insurance                |
| CNP Capitalia Vita                      | Full                 | Italy     | 57.50%          | 57.50%     | Insurance                |
| CNP Vida                                | Full                 | Spain     | 94.00%          | 94.00%     | Insurance                |
| <b><u>2. Mutual funds</u></b>           |                      |           |                 |            |                          |
| Univers CNP 1 FCP                       | Full                 | France    | 100.00%         | 100.00%    | Mutual fund              |
| CNP Assur Euro SI                       | Full                 | France    | 98.84%          | 98.84%     | Mutual fund              |
| CNP Montparnasse Action                 | Full                 | France    | 99.58%          | 99.58%     | Mutual fund              |
| CNP Assur Valeur SI                     | Full                 | France    | 87.56%          | 87.56%     | Mutual fund              |
| Écureuil Equilibre 3 Dec                | Full                 | France    | 93.84%          | 93.84%     | Mutual fund              |
| Kaleis Dynamique D 5 Dec                | Full                 | France    | 84.90%          | 84.90%     | Mutual fund              |
| Kaleis Equilibre D 5 Dec                | Full                 | France    | 69.83%          | 69.83%     | Mutual fund              |
| Plénitude SI 5 Dec                      | Full                 | France    | 70.08%          | 70.08%     | Mutual fund              |
| CNP ACP Oblig FCP                       | Full                 | France    | 49.66%          | 49.66%     | Mutual fund              |
| Doublon Monde 4                         | Full                 | France    | 52.60%          | 52.60%     | Mutual fund              |
| Boule De Neige 3 3 Dec                  | Full                 | France    | 57.09%          | 57.09%     | Mutual fund              |
| Assur Écur. Crois                       | Full                 | France    | 99.62%          | 99.62%     | Mutual fund              |
| Cappuccino7 3 Dec                       | Full                 | France    | 49.15%          | 49.15%     | Mutual fund              |
| CDC Ionis FCP 4 Dec                     | Full                 | France    | 100.00%         | 100.00%    | Mutual fund              |
| CNP ACP 10 FCP                          | Full                 | France    | 49.96%          | 49.96%     | Mutual fund              |
| Progressio 5 Dec                        | Full                 | France    | 91.02%          | 91.02%     | Mutual fund              |
| Al Dente 3 3 Dec                        | Full                 | France    | 53.51%          | 53.51%     | Mutual fund              |
| Vivaccio Act 5 Dec                      | Full                 | France    | 83.04%          | 83.04%     | Mutual fund              |
| Ecur Dyn 3 Dec                          | Full                 | France    | 53.36%          | 53.36%     | Mutual fund              |
| <b><u>3. Property companies</u></b>     |                      |           |                 |            |                          |
| Assurbail                               | Full                 | France    | 99.07%          | 99.07%     | Lease financing          |
| AEP3 SCI                                | Full                 | France    | 100.00%         | 100.00%    | Non-trading property co. |
| CIMO SCI                                | Full                 | France    | 100.00%         | 100.00%    | Non-trading property co. |
| AEP4 SCI                                | Full                 | France    | 100.00%         | 100.00%    | Non-trading property co. |
| PB6 SAS                                 | Proportionate        | France    | 50.00%          | 50.00%     | Immobilier               |
| Sicac                                   | Full                 | France    | 100.00%         | 100.00%    | Non-trading property co. |
| CNP Immobilier                          | Full                 | France    | 100.00%         | 100.00%    | Non-trading property co. |
| Assurimmeuble                           | Full                 | France    | 100.00%         | 100.00%    | Non-trading property co. |
| Natixis Global Asset Management         | Equity method        | France    | 11.34%          | 11.34%     | Asset management         |



## 6.2 Analysis of the CNP Vida acquisition price

| (in € millions)  | 100%  | CNP share (94%) |
|--|-------|-----------------|
| Cost of the business combination   | 84,2  | 79,2            |
| <i>Acquisition price, before adjustment</i>  | 81,9  | 77,0            |
| <i>Contractual post-acquisition price adjustment</i>                               | 1,6   | 1,5             |
| <i>Transaction costs</i>   | 0,7   | 0,7             |
| Book net assets at 31 December 2006 (Spanish GAAP)                                 | 85,5  |                 |
| Fair value adjustment to assets  | -0,4  |                 |
| Adjustment to insurance liabilities (alignment with CNP Group accounting policies) | -17,2 |                 |
| Other  | -0,4  |                 |
| Adjusted net assets  | 67,5  |                 |
| Value of business acquired, after tax  | 16,7  |                 |
| Cost of the business combination   | 84,2  | 79,2            |
| Goodwill   |       | 0               |

## 6.3 Analysis of the Écureuil Vie acquisition price

|  |         |         |
|--|---------|---------|
| Acquisition price  |         | 1 417,5 |
| Net assets   | 1 965,3 |         |
| Cancellation of adjustment to deeply subordinated notes        | -108,0  |         |
| Net assets acquired  | 1 857,3 | 928,5   |
| Adjustment of profit for the period 1 January-20 February 2007 |         | 17,4    |
| Goodwill deducted from equity                                  |         | 471,6   |

The impact on equity of acquiring an additional interest in Écureuil Vie was as follows:

- Equity attributable to minority interests: €945.9 million decrease, corresponding to minority interests in Écureuil Vie's equity (€928.5 million) and in its profit for the period 1 January-20 February 2007 (€17.4 million).
- Revaluation reserve (fair value adjustments to available-for-sale financial assets): €61.9 million increase.
- Retained earnings: €61.9 million decrease related to fair value adjustments and other adjustments and deduction of goodwill in the amount of €471.6 million.

## Note 7 Segment information

### 7.1 Income statement by business segment for the six months ended 30 June 2007

| (in € millions)  | Savings           | Pensions         | Personal risk    | Other        | Total             |
|--|-------------------|------------------|------------------|--------------|-------------------|
| Premiums written   | 14 146,0          | 968,1            | 2 372,5          | 0,0          | 17 486,6          |
| Change in unearned premiums reserve  | 0,0               | 0,0              | (104,3)          | 0,0          | (104,3)           |
| <b>Earned premiums</b>   | <b>14 146,0</b>   | <b>968,1</b>     | <b>2 268,2</b>   | <b>0,0</b>   | <b>17 382,3</b>   |
| Revenue from other activities  | 39,2              | 0,6              | 4,5              | 27,5         | 71,8              |
| <i>Investment income</i>   | 4 058,5           | 666,2            | 280,8            | 2,3          | 5 007,8           |
| <i>Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation</i> | 518,4             | 85,0             | 102,1            | 0,0          | 705,5             |
| <i>Change in fair value of financial assets at fair value through profit or loss</i>                       | 1 508,6           | 198,6            | 43,6             | 0,0          | 1 750,8           |
| <i>Impairment losses on financial instruments</i>  | 48,1              | 8,5              | 3,0              | 0,0          | 59,6              |
| <b>Net financial income, before finance costs</b>  | <b>6 133,6</b>    | <b>958,3</b>     | <b>429,5</b>     | <b>2,3</b>   | <b>7 523,7</b>    |
| <b>Net revenue</b>   | <b>20 318,8</b>   | <b>1 927,0</b>   | <b>2 702,2</b>   | <b>29,8</b>  | <b>24 977,8</b>   |
| Claims and benefits expenses   | (18 701,1)        | (1 728,1)        | (1 573,5)        | 0,0          | (22 002,7)        |
| Investment expenses and interest expense, excluding finance costs  | (221,1)           | (68,0)           | (53,4)           | 0,0          | (342,5)           |
| Reinsurance result   | 11,9              | (0,6)            | (45,6)           | 0,0          | (34,3)            |
| Expenses of other businesses   | (2,6)             | (3,4)            | 0,5              | (3,8)        | (9,3)             |
| Acquisition costs  | (708,6)           | (18,1)           | (602,0)          | 0,0          | (1 328,7)         |
| Amortisation of value of business acquired   | (9,1)             | 0,2              | (0,6)            | 0,0          | (9,5)             |
| Contract administration expenses   | (108,5)           | (10,2)           | (88,4)           | 0,0          | (207,1)           |
| Other recurring operating income and expense, net  | (7,2)             | 7,3              | (99,4)           | (5,5)        | (104,8)           |
| <b>Total recurring operating income and expense, net</b>   | <b>(19 746,3)</b> | <b>(1 820,9)</b> | <b>(2 462,4)</b> | <b>(9,3)</b> | <b>(24 038,9)</b> |
| <b>RECURRING OPERATING PROFIT</b>  | <b>572,5</b>      | <b>106,1</b>     | <b>239,8</b>     | <b>20,5</b>  | <b>938,9</b>      |
| Other operating income and expense, net  | 1,6               | 0,0              | 0,5              | 0,0          | 2,1               |
| <b>OPERATING PROFIT</b>  | <b>574,1</b>      | <b>106,1</b>     | <b>240,3</b>     | <b>20,5</b>  | <b>941,0</b>      |
| Finance costs  |                   |                  |                  |              | (52,0)            |
| Share of profit of associates  |                   |                  |                  |              | 23,0              |
| Income tax expense   |                   |                  |                  |              | (258,1)           |
| <b>PROFIT FOR THE PERIOD</b>   |                   |                  |                  |              | <b>653,9</b>      |
| Attributable to minority interests   |                   |                  |                  |              | (86,0)            |
| Attributable to equity holders of the parent   |                   |                  |                  |              | 567,9             |

## 7.2 *Income statement by business segment for the year ended 31 December 2006*

| (in € millions)   | 2006 (12 months) |                 |                 |              |              | Total            |
|---|------------------|-----------------|-----------------|--------------|--------------|------------------|
|   | Savings          | Pensions        | Personal risk   | Other        | Eliminations |                  |
| Written premiums  | 25 612,5         | 2 145,1         | 4 189,6         | 0,0          |              | 31 947,2         |
| Change in unearned premiums reserve   | 0,0              | 0,0             | -25,2           | 0,0          |              | -25,2            |
| <b>Earned premiums</b>  | <b>25 612,5</b>  | <b>2 145,1</b>  | <b>4 164,4</b>  | <b>0,0</b>   | <b>0,0</b>   | <b>31 922,0</b>  |
| Revenue from other activities   | 117,3            | 1,2             | 4,5             | 48,9         |              | 171,9            |
| Other operating income  | 0,2              | 0,0             | 0,0             | 0,0          |              | 0,2              |
| Investment income   | 7 067,5          | 1 165,6         | 504,9           | 4,2          |              | 8 742,2          |
| Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation | 1 092,6          | 217,7           | 141,2           | 0,0          |              | 1 451,5          |
| Change in fair value of financial assets at fair value through profit or loss                       | 1 815,6          | 166,4           | 57,3            | 0,0          |              | 2 039,3          |
| Impairment losses on financial instruments  | -19,7            | -0,5            | -4,5            | 0,0          |              | -24,7            |
| <b>Net financial income, before finance costs</b>   | <b>9 956,0</b>   | <b>1 549,2</b>  | <b>698,9</b>    | <b>4,2</b>   |              | <b>12 208,3</b>  |
| <b>Net revenue</b>  | <b>35 686,0</b>  | <b>3 695,5</b>  | <b>4 867,8</b>  | <b>53,1</b>  | <b>0,0</b>   | <b>44 302,4</b>  |
| Claims and benefits expenses  | -32 714,7        | -3 338,1        | -2 899,8        | 0,1          |              | -38 952,5        |
| Investment expenses and interest expense, excluding finance costs                                   | -364,6           | -106,8          | -95,0           | -0,2         |              | -566,6           |
| Reinsurance result  | 11,8             | 0,4             | -15,8           | 0,0          |              | -3,6             |
| Expenses of other businesses  | -3,9             | 0,0             | -1,8            | -18,0        |              | -23,7            |
| Acquisition costs   | -1 267,5         | -40,6           | -1 151,6        | 0,0          |              | -2 459,7         |
| Amortisation of value of business acquired  | -12,8            | 2,1             | -5,6            | 0,0          |              | -16,3            |
| Contract administration expenses  | -207,1           | -19,8           | -162,2          | 0,0          |              | -389,1           |
| Other recurring operating income and expense  | -48,7            | 12,5            | -48,8           | -1,8         |              | -86,8            |
| <b>Other recurring operating income and expense</b>   | <b>-34 607,5</b> | <b>-3 490,3</b> | <b>-4 380,6</b> | <b>-19,9</b> |              | <b>-42 498,3</b> |
| <b>Recurring operating profit</b>   | <b>1 078,3</b>   | <b>205,2</b>    | <b>487,2</b>    | <b>33,2</b>  |              | <b>1 803,9</b>   |
| Other operating income and expense  | 0,0              | 0,0             | 0,0             | 0,0          |              | 0,0              |
| <b>Operating profit</b>   | <b>1 078,3</b>   | <b>205,2</b>    | <b>487,2</b>    | <b>33,2</b>  | <b>0,0</b>   | <b>1 803,9</b>   |
| Finance costs   |                  |                 |                 |              |              | -104,9           |
| Share of profit of associates   |                  |                 |                 |              |              | 46,0             |
| Income tax expense  |                  |                 |                 |              |              | -314,7           |
| Profit (loss) of discontinued operations  |                  |                 |                 |              |              | 0,0              |
| <b>Profit for the period</b>  |                  |                 |                 |              |              | <b>1 430,3</b>   |
| Attributable to minority interests  |                  |                 |                 |              |              | -285,0           |
| <b>Attributable to equity holders of the parent</b>   |                  |                 |                 |              |              | <b>1 145,3</b>   |

### 7.3 *Income statement by business segment for the six months ended 30 June 2006*

| (in € millions)   | 2006 pro forma (6 months) |                 |                 |             |              | Total            |
|---|---------------------------|-----------------|-----------------|-------------|--------------|------------------|
|   | Savings                   | Pensions        | Personal risk   | Other       | Eliminations |                  |
| Written premiums  | 13 191,1                  | 1 038,5         | 2 153,5         | 0,0         |              | 16 383,1         |
| Change in unearned premiums reserve   | 0,0                       | 0,0             | -105,6          | 0,0         |              | -105,6           |
| <b>Earned premiums</b>  | <b>13 191,1</b>           | <b>1 038,5</b>  | <b>2 047,9</b>  | <b>0,0</b>  | <b>0,0</b>   | <b>16 277,5</b>  |
| <b>Revenue from other activities</b>  | <b>43,5</b>               | <b>0,0</b>      | <b>1,9</b>      | <b>32,9</b> |              | <b>78,3</b>      |
| Investment income   | 3 809,3                   | 632,7           | 291,0           | 2,2         |              | 4 735,2          |
| Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation | 189,2                     | 29,8            | 26,3            | 0,0         |              | 245,3            |
| Change in fair value of financial assets at fair value through profit or loss                       | -651,5                    | -44,8           | -76,9           | -0,2        |              | -773,4           |
| Impairment losses on financial instruments  | -22,8                     | -5,4            | -1,5            | 0,0         |              | -29,7            |
| <b>Net financial income, before finance costs</b>   | <b>3 324,2</b>            | <b>612,3</b>    | <b>238,9</b>    | <b>2,0</b>  |              | <b>4 177,4</b>   |
| <b>Net revenue</b>  | <b>16 558,8</b>           | <b>1 650,8</b>  | <b>2 288,7</b>  | <b>34,9</b> | <b>0,0</b>   | <b>20 533,2</b>  |
| Claims and benefits expenses  | -15 197,0                 | -1 522,9        | -1 475,8        | 0,0         |              | -18 195,7        |
| Investment expenses and interest expense, excluding finance costs                                   | -225,7                    | -61,6           | -51,0           | -0,3        |              | -338,6           |
| Reinsurance result  | 3,1                       | 0,1             | -27,9           | 0,0         |              | -24,7            |
| Expenses of other businesses  | -2,0                      | 0,0             | -0,4            | -9,0        |              | -11,4            |
| Acquisition costs   | -631,7                    | -20,0           | -504,0          | 0,0         |              | -1 155,7         |
| Amortisation of value of business acquired  | -6,4                      | 1,1             | -2,8            | 0,0         |              | -8,1             |
| Contract administration expenses  | -110,0                    | -9,9            | -73,5           | 0,0         |              | -193,4           |
| Other recurring operating income and expense  | -11,8                     | 0,5             | 0,7             | 0,6         |              | -10,0            |
| <b>Other recurring operating income and expense</b>   | <b>-16 181,5</b>          | <b>-1 612,7</b> | <b>-2 134,7</b> | <b>-8,7</b> |              | <b>-19 937,6</b> |
| <b>Recurring operating profit</b>   | <b>377,3</b>              | <b>38,1</b>     | <b>154,0</b>    | <b>26,2</b> |              | <b>595,6</b>     |
| Other operating income and expense  | 0,0                       | 0,0             | 0,0             | 0,0         | 0,0          | 0,0              |
| <b>Operating profit</b>   | <b>377,3</b>              | <b>38,1</b>     | <b>154,0</b>    | <b>26,2</b> | <b>0,0</b>   | <b>595,6</b>     |
| Finance costs   |                           |                 |                 |             |              | -49,0            |
| Goodwill impairment   |                           |                 |                 |             |              | 0,0              |
| Share of profit of associates   |                           |                 |                 |             |              | 24,7             |
| Income tax expense  |                           |                 |                 |             |              | -188,1           |
| Profit (loss) of discontinued operations  |                           |                 |                 |             |              | 0,0              |
| <b>Profit for the period</b>  |                           |                 |                 |             |              | <b>383,2</b>     |
| Attributable to minority interests  |                           |                 |                 |             |              | -102,9           |
| <b>Attributable to equity holders of the parent</b>   |                           |                 |                 |             |              | <b>280,3</b>     |

## Note 8 Intangible assets

### 8.1 Intangible assets by category

|   | 30/06/2007     |               |                   |                                | 31/12/2006      | 30/06/2006      |
|---|----------------|---------------|-------------------|--------------------------------|-----------------|-----------------|
| (in € millions)                           | Cost           | Amortisation  | Impairment losses | Reversals of impairment losses | Carrying amount | Carrying amount |
| <b>Goodwill</b>                           | <b>658,2</b>   |               | <b>0,0</b>        | <b>0,0</b>                     | <b>658,2</b>    | <b>654,2</b>    |
| <b>Contractual customer relationships</b> | <b>308,0</b>   | <b>-111,4</b> | <b>0,0</b>        | <b>0,0</b>                     | <b>196,6</b>    | <b>188,0</b>    |
| <b>Software</b>                           | <b>171,2</b>   | <b>-145,7</b> | <b>-0,1</b>       | <b>0,0</b>                     | <b>25,4</b>     | <b>29,5</b>     |
| - Developed internally                    | 71,7           | -62,8         | 0,0               | 0,0                            | 8,9             | 6,3             |
| - Other                                   | 99,5           | -82,9         | -0,1              | 0,0                            | 16,5            | 23,2            |
| <b>TOTAL</b>                              | <b>1 137,4</b> | <b>-257,1</b> | <b>-0,1</b>       | <b>0,0</b>                     | <b>880,2</b>    | <b>871,7</b>    |

### 8.2 Goodwill

#### 8.2.1 Goodwill by company

| (in € millions)    | Original goodwill | Net goodwill at 30 June 2007 | Net goodwill at 31 Dec. 2006 | Net goodwill at 30 June 2006 |
|--------------------|-------------------|------------------------------|------------------------------|------------------------------|
| Global             | 34,4              | 25,8                         | 25,8                         | 25,8                         |
| Global Vida        | 17,8              | 13,3                         | 13,3                         | 13,3                         |
| Assurposte         | 45,8              | 22,9                         | 22,9                         | 22,9                         |
| Caixa Group        | 360,6             | 229,7                        | 212,2                        | 225,7                        |
| CNP Capitalia Vita | 366,5             | 366,5                        | 366,5                        | 366,5                        |
| <b>TOTAL</b>       | <b>825,1</b>      | <b>658,2</b>                 | <b>640,7</b>                 | <b>654,2</b>                 |

## 8.2.2 Movements for the period

| <i>(in € millions)</i>   | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|--|----------------------------|-----------------------------|----------------------------|
| Carrying amount at the beginning of the period                           | <b>640,7</b>               | <b>654,8</b>                | <b>654,8</b>               |
| Goodwill recognised during the period                                    | 0,0                        | 0,0                         | 0,0                        |
| Adjustments to provisional accounting                                    | 0,0                        | 0,0                         | 0,0                        |
| Adjustments resulting from subsequent recognition of deferred tax assets | 0,0                        | 0,0                         | 0,0                        |
| Translation adjustment   | 17,5                       | -5,0                        | -0,7                       |
| Other movements  | 0,0                        | -9,7                        | 0,0                        |
| Impairment losses recognised during the period                           | 0,0                        | 0,0                         | 0,0                        |
| Translation adjustment   | 0,0                        | 0,6                         | 0,0                        |
| Increase in the Group's percentage interest                              | 0,0                        | 0,0                         | 0,0                        |
| <b>Carrying amount at the end of the period</b>                          | <b>658,2</b>               | <b>640,7</b>                | <b>654,2</b>               |

## 8.3 Contractual customer relationships

### 8.3.1 Carrying amount

| <i>(in € millions)</i> | <i>Original value</i> | <i>Carrying amount<br/>at 30 June 2007</i> | <i>Carrying amount<br/>at 31 Dec. 2006</i> | <i>Carrying amount<br/>at 30 June 2006</i> |
|------------------------|-----------------------|--|--|--|
| Caixa Group            | 122,6                 | 20,4                                       | 22,8                                       | 26,0                                       |
| CNP Capitalia Vita     | 175,3                 | 151,6                                      | 156,7                                      | 162,0                                      |
| CNP Vida               | 24,0                  | 23,7                                       | 0,0  | 0,0  |
| CNP Seguros de Vida    | 0,9                   | 0,9  | 0,0  | 0,0  |
| <b>TOTAL</b>           | <b>322,8</b>          | <b>196,6</b>                               | <b>179,5</b>                               | <b>188,0</b>                               |

### 8.3.2 Movements for the period

| <i>(in € millions)</i>   | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|--|----------------------------|-----------------------------|----------------------------|
| <i>Gross at the beginning of the period</i>  | 274,9                      | 276,9                       | 276,9                      |
| Contractual customer relationships of companies acquired during the period           | 24,0                       | 0,0                         | 0,0                        |
| Translation adjustment   | 8,3                        | -2,0                        | -0,3                       |
| Value of business acquired during the period   | 0,9                        | 0,0                         | 0,0                        |
| Disposals for the period   | 0,0                        | 0,0                         | 0,0                        |
| <i>Gross at the end of the period</i>  | 308,1                      | 274,9                       | 276,7                      |
| <i>Accumulated amortisation and impairment losses at the beginning of the period</i> | -95,5                      | -80,7                       | -80,7                      |
| Translation adjustment   | -6,5                       | 1,5                         | 0,2                        |
| Amortisation for the period  | -9,5                       | -16,3                       | -8,1                       |
| Impairment losses recognised during the period                                       | 0,0                        | 0,0                         | 0,0                        |
| Impairment losses reversed during the period   | 0,0                        | 0,0                         | 0,0                        |
| Amortisation written off on disposals  | 0,0                        | 0,0                         | 0,0                        |
| <i>Accumulated amortisation and impairment losses at the end of the period</i>       | -111,5                     | -95,5                       | -88,6                      |
| <b><i>Carrying amount at the end of the period</i></b>                               | <b>196,6</b>               | <b>179,5</b>                | <b>188,0</b>               |

## Note 9 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.

## 9.1 Investment property

| Carrying amount of investment property (in € millions)      | 30/06/2007     | 31/12/2006     | 30/06/2006     |
|---|----------------|----------------|----------------|
| <b>Investment property measured by the cost model</b>       |                |                |                |
| Cost at period-end  | 1 466,1        | 1 212,5        | 1 220,9        |
| Accumulated depreciation at period-end                      | -394,8         | -303,6         | -319,4         |
| Accumulated impairment losses at period-end                 | -22,5          | -18,0          | -25,2          |
| <b>Carrying amount at period-end</b>                        | <b>1 048,8</b> | <b>890,9</b>   | <b>876,3</b>   |
| <b>Investment property measured by the fair value model</b> |                |                |                |
| Fair value at period-end                                    | 394,7          | 394,7          | 349,7          |
| <b>Total investment property</b>                            | <b>1 443,5</b> | <b>1 285,6</b> | <b>1 226,0</b> |

| Investment property (other than property held in unit-linked portfolios) (in € millions) | 2007<br>(6 months) | 2006<br>(12 months) | 2006<br>(6 months) |
|--|--------------------|---------------------|--------------------|
| <b>Carrying amount at the beginning of the period</b>                                    | <b>890,9</b>       | <b>889,3</b>        | <b>889,3</b>       |
| Acquisitions   | 1,3                | 116,1               | 0,0                |
| Post-acquisition costs included in the carrying amount of property                       | 4,5                | 14,3                | 5,5                |
| Properties acquired through business combinations  | 0,0                | 0,0                 | 0,0                |
| Disposals  | -10,0              | -19,9               | -10,7              |
| Depreciation for the period  | -11,6              | -12,5               | -8,3               |
| Impairment losses recognised during the period (through profit or loss)                  | -0,1               | -0,2                | -0,1               |
| Impairment losses reversed during the period (through profit or loss)                    | 0,4                | 8,0                 | 0,5                |
| Translation adjustment   | 0,1                | 0,0                 | 0,0                |
| Other movements*   | 173,3              | -104,2              | 0,1                |
| <b>Carrying amount at the end of the period</b>  | <b>1 048,8</b>     | <b>890,9</b>        | <b>876,3</b>       |

\* “Other movements” in first-half 2007 correspond primarily to the reclassification of the properties held by Sicac and Assurbail from “Banking and other investments” to “Investment property”. In the case of Assurbail, only properties leased under operating leases have been reclassified; properties leased under finance leases continue to be reported under “Banking and other investments”.



| <b>Investment property held in unit-linked portfolios (in € millions)</b> | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|---|----------------------------|-----------------------------|----------------------------|
| Carrying amount at the beginning of the period                            | <b>394,7</b>               | <b>351,1</b>                | <b>351,1</b>               |
| Acquisitions  | 0,2                        | 4,2                         | 0,0                        |
| Post-acquisition costs included in the carrying amount of property        | 0,0                        | 10,0                        | 0,2                        |
| Properties acquired through business combinations                         | 0,0                        | 0,0                         | 0,0                        |
| Disposals   | -0,4                       | 0,0                         | 0,0                        |
| Gains (losses) arising from remeasurement at fair value, net              | 2,4                        | 32,8                        | 0,3                        |
| Translation adjustment  | 0,0                        | 0,0                         | 0,0                        |
| Transfers to inventory and owner-occupied property                        | 0,0                        | 0,0                         | -1,9                       |
| Transfers from inventory and owner-occupied property                      | 0,0                        | 0,0                         | 0,0                        |
| Other movements   | -2,2                       | -3,4                        | 0,0                        |
| <b>Carrying amount at the end of the period</b>                           | <b>394,7</b>               | <b>394,7</b>                | <b>349,7</b>               |

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.

## **9.2 Owner-occupied property**

| <b>Owner-occupied property (in € millions)</b>                          | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|---|----------------------------|-----------------------------|----------------------------|
| <b>Carrying amount at the beginning of the period</b>                   | <b>137,6</b>               | <b>159,5</b>                | <b>159,5</b>               |
| Acquisitions  | 0,1                        | 0,4                         | 0,4                        |
| Post-acquisition costs included in the carrying amount of property      | 0,0                        | 1,5                         | 1,4                        |
| Properties acquired through business combinations                       | 0,0                        | 0,0                         | 0,0                        |
| Disposals   | -0,3                       | -0,1                        | 0,0                        |
| Depreciation for the period   | -2,7                       | -5,4                        | -2,6                       |
| Impairment losses recognised during the period (through profit or loss) | 0,0                        | -6,3                        | 0,0                        |
| Impairment losses reversed during the period (through profit or loss)   | 1,2                        | 11,7                        | 1,1                        |
| Translation adjustment  | 0,3                        | -0,1                        | 0,0                        |
| Transfers   | 0,0                        | -23,6                       | -23,6                      |
| <b>Carrying amount at the end of the period</b>                         | <b>136,2</b>               | <b>137,6</b>                | <b>136,2</b>               |

## **Note 10 Investments**

### **10.1 Investments by category**

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

### 10.1.1 Investment by category

| (in € millions)  |  | 30/06/2007        |                  | 31/12/2006        |                  | 30/06/2006<br>Pro forma |                  |
|--|--|-------------------|------------------|-------------------|------------------|-------------------------|------------------|
|  |  | Impairment losses | Carrying amount  | Impairment losses | Carrying amount  | Impairment losses       | Carrying amount  |
| <b>Assets at fair value through profit or loss (*)</b> | Fixed rate bonds                             |                   | 16 455,6         |                   | 12 667,4         |                         | 12 788,4         |
|  | Variable rate bonds                          |                   | 12 483,6         |                   | 3 488,5          |                         | 2 092,6          |
|  | Money market securities                      |                   | 2 650,8          |                   | 13 446,7         |                         | 12 847,5         |
|  | Equities                                     |                   | 13 520,9         |                   | 8 857,4          |                         | 78,9             |
|  | Mutual fund units                            |                   | 30 119,1         |                   | 29 744,3         |                         | 37 297,1         |
|  | Shares in non-trading property companies     |                   | 1 581,0          |                   | 1 753,4          |                         | 1 566,9          |
|  | Other (including lent securities and repos)  |                   | -0,1             |                   | 27,5             |                         | -515,8           |
|  | <b>Total</b>                                 |                   | <b>76 810,9</b>  |                   | <b>69 985,2</b>  |                         | <b>66 155,6</b>  |
| <b>Derivative instruments</b>                          | Derivative instruments (positive fair value) |                   | 1 997,8          |                   | 1 636,4          |                         | 1 503,9          |
|  | Derivative instruments (negative fair value) |                   | -1 491,0         |                   | -1 410,6         |                         | -1 301,3         |
|  | <b>Total</b>                                 |                   | <b>506,8</b>     |                   | <b>225,8</b>     |                         | <b>202,6</b>     |
| <b>Available-for-sale financial assets</b>             | Fixed rate bonds                             | 0,0               | 126 590,8        | 0,0               | 122 403,5        | 0,0                     | 118 524,6        |
|  | Variable rate bonds                          | 0,0               | 8 200,6          | 0,0               | 8 463,3          | 0,0                     | 9 473,5          |
|  | Money market securities                      | -3,9              | 2 168,4          | 0,0               | 4 545,7          | 0,0                     | 118,8            |
|  | Equities                                     | -2 408,5          | 22 849,7         | -2 478,9          | 20 515,4         | -2 468,6                | 18 486,9         |
|  | Mutual fund units                            | -25,7             | 7 197,5          | -25,1             | 8 476,9          | -3,6                    | 6 166,1          |
|  | Shares in non-trading property companies     | -30,1             | 2 986,0          | -27,7             | 2 389,8          | -1,9                    | 2 429,9          |
|  | Loan stock                                   | -0,5              | 107,9            | -13,8             | 88,4             | -0,5                    | 102,6            |
|  | Other (including lent securities and repos)  | -31,8             | 4 538,7          |                   | 7 049,9          |                         | 8 444,1          |
|  | <b>Total</b>                                 | <b>-2 500,5</b>   | <b>174 639,6</b> | <b>-2 545,5</b>   | <b>173 932,9</b> | <b>-2 474,5</b>         | <b>163 746,5</b> |
| <b>Held-to-maturity investments</b>                    | Fixed rate bonds                             | 0,0               | 954,5            | 0,0               | 894,5            | 0,0                     | 867,5            |
|  | <b>Total</b>                                 | <b>0,0</b>        | <b>954,5</b>     | <b>0,0</b>        | <b>894,5</b>     | <b>0,0</b>              | <b>867,5</b>     |
| <b>Loans and receivables</b>                           | Loans and receivables                        | 0,0               | 1 994,2          | 0,0               | 2 034,6          | 0,0                     | 2 232,8          |
|  | <b>Total</b>                                 | <b>0,0</b>        | <b>1 994,2</b>   | <b>0,0</b>        | <b>2 034,6</b>   | <b>0,0</b>              | <b>2 232,8</b>   |
| <b>Investment property</b>                             | Investment property at amortised cost        | -22,5             | 1 048,8          | -30,9             | 890,9            | -25,4                   | 876,3            |
|  | Investment property at fair value            |                   | 394,7            |                   | 394,7            |                         | 349,7            |
|  | <b>Total</b>                                 | <b>-22,5</b>      | <b>1 443,5</b>   | <b>-30,9</b>      | <b>1 285,6</b>   | <b>-25,4</b>            | <b>1 226,0</b>   |
| <b>TOTAL</b>   |  | <b>-2 523,0</b>   | <b>256 349,5</b> | <b>-2 576,4</b>   | <b>248 358,5</b> | <b>-2 499,9</b>         | <b>234 431,0</b> |

\* Improvements have been made to the method used to determine whether or not financial assets at fair value through profit or loss should be classified as backing linked liabilities.

## 10.1.2 Reconciliation of insurance investments in the balance sheet to investments analysed above

| (in € millions)  | 30/06/2007 | 31/12/2006 | 30/06/2006<br>Pro forma |
|--|------------|------------|-------------------------|
| Note on investments  | 256 349,5  | 248 358,5  | 234 431,0               |
| Balance Sheet – Liabilities – Derivative instruments (negative fair value) | -1 491,0   | -1 410,6   | -1 301,3                |
| Balance Sheet – Assets – Insurance investments                             | 257 840,5  | 249 769,1  | 235 732,3               |
| <b>Total</b>   | <b>0,0</b> | <b>0,0</b> | <b>0,0</b>              |

## 10.2 Derivative instruments

The following table analyses the positive and negative fair values of derivative instruments by maturity.

| (in €<br>millions) | 30/06/2007           |              |                        |               |                         |               |                          |              |                              |               | Total          |                 |
|--------------------|----------------------|--------------|------------------------|---------------|-------------------------|---------------|--------------------------|--------------|------------------------------|---------------|----------------|-----------------|
|                    | Due within<br>1 year |              | Due in 1 to 5<br>years |               | Due in 6 to 10<br>years |               | Due in 11 to 15<br>years |              | Due in more<br>than 15 years |               |                |                 |
|                    | FV+                  | FV-          | FV+                    | FV-           | FV+                     | FV-           | FV+                      | FV-          | FV+                          | FV-           | FV+            | FV-             |
| Swaps              | 29,9                 | -32,6        | 293,9                  | -288,7        | 95,5                    | -83,4         | 23,2                     | -22,2        | 921,6                        | -971,4        | 1 364,1        | -1 398,3        |
| Swaptions          | 0,0                  | 0,0          | 0,0                    | 0,0           | 0,0                     | 0,0           | 0,0                      | 0,0          | 0,0                          | 0,0           | 0,0            | 0,0             |
| Caps/floors        | 1,6                  | 0,0          | 98,1                   | -0,8          | 486,1                   | -25,6         | 0,0                      | 0,0          | 0,0                          | 0,0           | 585,8          | -26,4           |
| Equity             | 36,1                 | -59,2        | 4,0                    | -7,1          | 7,8                     | 0,0           | 0,0                      | 0,0          | 0,0                          | 0,0           | 47,9           | -66,3           |
| <b>Total</b>       | <b>67,6</b>          | <b>-91,8</b> | <b>396,0</b>           | <b>-296,6</b> | <b>589,4</b>            | <b>-109,0</b> | <b>23,2</b>              | <b>-22,2</b> | <b>921,6</b>                 | <b>-971,4</b> | <b>1 997,8</b> | <b>-1 491,0</b> |

| (in €<br>millions) | 31/12/2006           |              |                        |               |                         |              |                          |              |                              |               | Total          |                 |
|--------------------|----------------------|--------------|------------------------|---------------|-------------------------|--------------|--------------------------|--------------|------------------------------|---------------|----------------|-----------------|
|                    | Due within<br>1 year |              | Due in 1 to 5<br>years |               | Due in 6 to 10<br>years |              | Due in 11 to 15<br>years |              | Due in more<br>than 15 years |               |                |                 |
|                    | FV+                  | FV-          | FV+                    | FV-           | FV+                     | FV-          | FV+                      | FV-          | FV+                          | FV-           | FV+            | FV-             |
| Swaps              | 26,2                 | -29,0        | 317,2                  | -308,4        | 81,8                    | -74,9        | 22,4                     | -24,6        | 867,6                        | -920,6        | 1 315,1        | -1 358,5        |
| Swaptions          | 0,0                  | 0,0          | 0,0                    | 0,0           | 0,0                     | 0,0          | 0,0                      | 0,0          | 0,0                          | 0,0           | 0,0            | 0,0             |
| Caps/floors        | 0,0                  | 0,0          | 16,8                   | -0,4          | 291,4                   | -16,7        | 0,0                      | 0,0          | 0,0                          | 0,0           | 308,2          | -17,1           |
| Equity             | 7,7                  | -17,4        | 2,3                    | -17,6         | 3,1                     | 0,0          | 0,0                      | 0,0          | 0,0                          | 0,0           | 13,1           | -35,0           |
| <b>Total</b>       | <b>33,9</b>          | <b>-46,4</b> | <b>336,3</b>           | <b>-326,4</b> | <b>376,3</b>            | <b>-91,6</b> | <b>22,4</b>              | <b>-24,6</b> | <b>867,6</b>                 | <b>-920,6</b> | <b>1 636,4</b> | <b>-1 410,6</b> |

| 30/06/2006      |                   |              |                     |               |                      |              |                       |              |                           |               |                |                 |
|-----------------|-------------------|--------------|---------------------|---------------|----------------------|--------------|-----------------------|--------------|---------------------------|---------------|----------------|-----------------|
| (in € millions) | Due within 1 year |              | Due in 1 to 5 years |               | Due in 6 to 10 years |              | Due in 11 to 15 years |              | Due in more than 15 years |               | Total          |                 |
|                 | FV+               | FV-          | FV+                 | FV-           | FV+                  | FV-          | FV+                   | FV-          | FV+                       | FV-           | FV+            | FV-             |
| Swaps           | 32,8              | -44,6        | 321,1               | -279,6        | 35,1                 | -33,3        | 18,8                  | -20,1        | 735,2                     | -873,5        | 1 143,0        | -1 251,1        |
| Swaptions       | 0,0               | 0,0          | 0,0                 | 0,0           | 0,0                  | 0,0          | 0,0                   | 0,0          | 0,0                       | 0,0           | 0,0            | 0,0             |
| Caps/floors     | 0,1               | 0,0          | 32,5                | 0,0           | 327,0                | -10,7        | 0,0                   | 0,0          | 0,0                       | 0,0           | 359,6          | -10,7           |
| Equity          | 0,3               | -14,2        | 0,6                 | -25,3         | 0,4                  | 0,0          | 0,0                   | 0,0          | 0,0                       | 0,0           | 1,3            | -39,5           |
| <b>Total</b>    | <b>33,2</b>       | <b>-58,8</b> | <b>354,2</b>        | <b>-304,9</b> | <b>362,5</b>         | <b>-44,0</b> | <b>18,8</b>           | <b>-20,1</b> | <b>735,2</b>              | <b>-873,5</b> | <b>1 503,9</b> | <b>-1 301,3</b> |

## Note 11 Insurance and financial liabilities

The purpose of this note is to disclose further sub-classifications of the line items presented on the face of the balance sheet.

### 11.1 Analysis of insurance and financial liabilities at 30 June 2007

|  | 30/06/2007            |                       |                |
|--|-----------------------|-----------------------|----------------|
|  | Before<br>reinsurance | Net of<br>reinsurance | Reinsurance    |
| <i>(in € millions)</i>   |                       |                       |                |
| <b>Non-life technical reserves</b>   | <b>5 137,2</b>        | <b>4 597,0</b>        | <b>540,2</b>   |
| Unearned premium reserves  | 268,4                 | 259,7                 | 8,7            |
| Outstanding claims reserves  | 517,3                 | 466,1                 | 51,2           |
| Bonuses and rebates (including claims equalisation<br>reserve on group business maintained in liabilities) | 153,8                 | 130,2                 | 23,6           |
| Other technical reserves   | 4 197,7               | 3 741,0               | 456,7          |
| Liability adequacy test reserves   | 0,0                   | 0,0                   | 0,0            |
| <b>Life technical reserves</b>   | <b>72 047,4</b>       | <b>67 076,7</b>       | <b>4 970,7</b> |
| Unearned premium reserves  | 70 343,1              | 65 408,7              | 4 934,4        |
| Outstanding claims reserves  | 754,8                 | 723,0                 | 31,8           |
| Policyholder surplus reserve   | 919,1                 | 914,6                 | 4,5            |
| Other mathematical reserves  | 30,4                  | 30,4                  | 0,0            |
| Liability adequacy test reserves   | 0,0                   | 0,0                   | 0,0            |
| <b>Financial instruments with DPF</b>  | <b>143 800,6</b>      | <b>143 796,2</b>      | <b>4,4</b>     |
| Unearned premium reserves  | 139 351,4             | 139 347,0             | 4,4            |
| Outstanding claims reserves  | 1 766,5               | 1 766,5               | 0,0            |
| Policyholder surplus reserve   | 2 682,7               | 2 682,7               | 0,0            |
| Other mathematical reserves  | 0,0                   | 0,0                   | 0,0            |
| Liability adequacy test reserves   | 0,0                   | 0,0                   | 0,0            |
| <b>Financial instruments without DPF</b>   | <b>8 705,5</b>        | <b>8 336,7</b>        | <b>368,8</b>   |
| <b>Derivative financial instruments separated from the<br/>host contract</b>                               | <b>0,0</b>            | <b>0,0</b>            | <b>0,0</b>     |
| <b>Deferred participation reserve</b>  | <b>9 676,8</b>        | <b>9 676,8</b>        | <b>0,0</b>     |
| <b>Total insurance and financial liabilities</b>   | <b>239 367,5</b>      | <b>233 483,4</b>      | <b>5 884,1</b> |

## 11.2 Analysis of insurance and financial liabilities at 31 December 2006

31/12/2006

|   | Before<br>reinsurance | Net of<br>reinsurance | Reinsurance    |
|---|-----------------------|-----------------------|----------------|
| <i>(in € millions)</i>  |                       |                       |                |
| <b>Non-life technical reserves</b>  | <b>5 066,2</b>        | <b>4 377,7</b>        | <b>688,5</b>   |
| Unearned premium reserves   | 124,4                 | 117,8                 | 6,6            |
| Outstanding claims reserves   | 439,2                 | 391,3                 | 47,9           |
| Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities) | 137,2                 | 122,9                 | 14,3           |
| - Other technical reserves  | 4 365,4               | 3 745,7               | 619,7          |
| Liability adequacy test reserves  | 0,0                   | 0,0                   | 0,0            |
| <b>Life technical reserves</b>  | <b>62 721,8</b>       | <b>57 909,1</b>       | <b>4 812,7</b> |
| Unearned premium reserves   | 61 031,2              | 56 260,1              | 4 771,1        |
| Outstanding claims reserves   | 862,5                 | 836,2                 | 26,3           |
| Policyholder surplus reserve  | 652,1                 | 645,1                 | 7,0            |
| Other mathematical reserves   | 176,0                 | 167,7                 | 8,3            |
| Liability adequacy test reserves  | 0,0                   | 0,0                   | 0,0            |
| <b>Financial instruments with DPF</b>   | <b>140 365,8</b>      | <b>140 365,8</b>      | <b>0,0</b>     |
| Unearned premium reserves   | 136 723,5             | 136 723,5             | 0,0            |
| Outstanding claims reserves   | 1 607,5               | 1 607,5               | 0,0            |
| Policyholder surplus reserve  | 2 033,6               | 2 033,6               | 0,0            |
| Other mathematical reserves   | 1,2                   | 1,2                   | 0,0            |
| Liability adequacy test reserves  | 0,0                   | 0,0                   | 0,0            |
| <b>Financial instruments without DPF</b>  | <b>9 389,9</b>        | <b>8 978,5</b>        | <b>411,4</b>   |
| <b>Derivative financial instruments separated from the host contract</b>                                | <b>0,0</b>            | <b>0,0</b>            | <b>0,0</b>     |
| <b>Deferred participation reserve</b>   | <b>12 133,3</b>       | <b>12 133,3</b>       | <b>0,0</b>     |
| <b>Total insurance and financial liabilities</b>  | <b>229 677,0</b>      | <b>223 764,4</b>      | <b>5 912,6</b> |

### 11.3 Analysis of insurance and financial liabilities at 30 June 2006

|   | 30/06/2006            |                       |                |
|---|-----------------------|-----------------------|----------------|
|   | Before<br>reinsurance | Net of<br>reinsurance | Reinsurance    |
| <i>(in € millions)</i>  |                       |                       |                |
| <b>Non-life technical reserves</b>  | <b>5 045,2</b>        | <b>4 390,3</b>        | <b>654,9</b>   |
| Unearned premium reserves   | 204,3                 | 196,2                 | 8,1            |
| Outstanding claims reserves   | 428,1                 | 390,5                 | 37,6           |
| Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities) | 120,1                 | 94,0                  | 26,1           |
| Other technical reserves  | 4 292,7               | 3 709,6               | 583,1          |
| Liability adequacy test reserves  | 0,0                   | 0,0                   | 0,0            |
| <b>Life technical reserves</b>  | <b>55 183,5</b>       | <b>50 647,0</b>       | <b>4 536,5</b> |
| Unearned premium reserves   | 53 118,8              | 48 610,1              | 4 508,7        |
| Outstanding claims reserves   | 829,7                 | 815,1                 | 14,6           |
| Policyholder surplus reserve  | 1 111,2               | 1 102,9               | 8,3            |
| Other mathematical reserves   | 123,8                 | 118,9                 | 4,9            |
| Liability adequacy test reserves  | 0,0                   | 0,0                   | 0,0            |
| <b>Financial instruments with DPF</b>   | <b>138 020,3</b>      | <b>138 016,0</b>      | <b>4,3</b>     |
| Unearned premium reserves   | 134 281,7             | 134 277,4             | 4,3            |
| Outstanding claims reserves   | 1 454,7               | 1 454,7               | 0,0            |
| Policyholder surplus reserve  | 2 283,6               | 2 283,6               | 0,0            |
| Other mathematical reserves   | 0,3                   | 0,3                   | 0,0            |
| Liability adequacy test reserves  | 0,0                   | 0,0                   | 0,0            |
| <b>Financial instruments without DPF</b>  | <b>9 717,6</b>        | <b>9 327,1</b>        | <b>390,5</b>   |
| <b>Derivative financial instruments separated from the host contract</b>                                | <b>0,0</b>            | <b>0,0</b>            | <b>0,0</b>     |
| <b>Deferred participation reserve</b>   | <b>9 473,3</b>        | <b>9 473,3</b>        | <b>0,0</b>     |
| <b>Total insurance and financial liabilities</b>  | <b>217 439,9</b>      | <b>211 853,7</b>      | <b>5 586,2</b> |

## **Note 12 Insurance and reinsurance receivables**

The purpose of this note is to provide details of insurance and reinsurance receivables at 30 June 2007, 31 December 2006 and 30 June 2006, as follows:

| <i>(in € millions)</i>          | <b>30/06/2007</b> | <b>31/12/2006</b> | <b>30/06/2006</b> |
|---------------------------------|-------------------|-------------------|-------------------|
| Earned premiums not yet written | 1 826,3           | 1 783,3           | 1 942,8           |
| Other insurance receivables     | 523,7             | 267,4             | 441,8             |
| Reinsurance receivables         | 182,7             | 146,7             | 90,1              |
| <b>Total</b>                    | <b>2 532,7</b>    | <b>2 197,4</b>    | <b>2 474,7</b>    |
| Doubtful receivables            | 2,4               | 2,0               | 1,8               |

## **Note 13 Liabilities arising from insurance and reinsurance transactions**

The purpose of this note is to provide details of liabilities arising from insurance and reinsurance transactions at 30 June 2007, 31 December 2006 and 30 June 2006, as follows:

| <i>(in € millions)</i>                                  | <b>30/06/2007</b> | <b>31/12/2006</b> | <b>30/06/2006</b> |
|---|-------------------|-------------------|-------------------|
| Cash deposits received from reinsurers                  | 381,9             | 423,2             | 402,1             |
| Liabilities arising from insurance transactions         | 1 503,4           | 1 071,9           | 1 086,0           |
| Other liabilities arising from reinsurance transactions | 287,9             | 347,7             | 270,7             |
| <b>Total</b>  | <b>2 173,2</b>    | <b>1 842,8</b>    | <b>1 758,8</b>    |

## Note 14 Revenue

Revenues comprise:

- Earned premiums
- Premium loading on financial instruments without DPF, reported under “Revenue from other activities”.

### 14.1 Earned premiums and Revenue from other activities

| By type of contract                   | 2007<br>(6 months) | 2006<br>(12 months) | 2006<br>(6 months) |
|---------------------------------------|--------------------|---------------------|--------------------|
| <b>Insurance contracts</b>            | <b>10 581,2</b>    | <b>18 676,0</b>     | <b>9 405,4</b>     |
| <i>Life</i>                           | <b>9 411,9</b>     | <b>16 428,2</b>     | <b>8 282,3</b>     |
| <i>Pure premiums</i>                  | 8 849,5            | 15 398,5            | 7 804,1            |
| <i>Loading</i>                        | 562,4              | 1 029,7             | 478,2              |
| <i>Non-life</i>                       | <b>1 169,3</b>     | <b>2 247,8</b>      | <b>1 123,1</b>     |
| <i>Pure premiums</i>                  | 850,0              | 1 652,0             | 857,7              |
| <i>Loading</i>                        | 319,3              | 595,8               | 265,4              |
| <b>Financial instruments with DPF</b> | <b>6 801,1</b>     | <b>13 246,0</b>     | <b>6 872,0</b>     |
| <i>Pure premiums</i>                  | 6 679,8            | 12 986,7            | 6 714,0            |
| <i>Loading</i>                        | 121,3              | 259,3               | 158,0              |
| <b>Earned premiums</b>                | <b>17 382,3</b>    | <b>31 922,0</b>     | <b>16 277,4</b>    |

| Revenue from other activities            | 2007<br>(6 months) | 2006<br>(12 months) | 2006<br>(6 months) |
|--|--------------------|---------------------|--------------------|
| <b>Financial instruments without DPF</b> | <b>37,1</b>        | <b>93,6</b>         | <b>47,8</b>        |
| <i>Loading</i>                           | 37,1               | 93,6                | 47,8               |
| <i>On premiums</i>                       | 15,2               | 67,5                | 34,5               |
| <i>On net assets</i>                     | 21,9               | 26,1                | 13,3               |
| <b>Services</b>                          | <b>27,4</b>        | <b>48,9</b>         | <b>20,6</b>        |
| <b>Other activities</b>                  | <b>7,3</b>         | <b>29,2</b>         | <b>9,9</b>         |
| <b>Total</b>                             | <b>71,8</b>        | <b>171,7</b>        | <b>78,3</b>        |



## 14.2 Reconciliation to reported revenue

| <i>(in € millions)</i>                               | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|--|----------------------------|-----------------------------|----------------------------|
| Earned premiums                                      | 17 382,3                   | 31 922,0                    | 16 277,4                   |
| Premium loading on financial instruments without DPF | 15,2                       | 67,5                        | 34,5                       |
| <b>Written premiums</b>                              | <b>17 397,5</b>            | <b>31 989,5</b>             | <b>16 311,9</b>            |

## 14.3 Premium income by partnership centre

| <i>(in € millions)</i>          | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|---------------------------------|----------------------------|-----------------------------|----------------------------|
| La Banque Postale               | 6 505,5                    | 12 101,5                    | 5 208,5                    |
| Savings Banks                   | 6 095,2                    | 10 741,3                    | 6 510,7                    |
| CNP Trésor                      | 454,7                      | 982,5                       | 490,0                      |
| Financial institutions          | 682,3                      | 1 278,1                     | 613,7                      |
| Companies and local authorities | 803,0                      | 1 684,7                     | 836,9                      |
| Mutual insurers                 | 377,7                      | 961,1                       | 443,7                      |
| Foreign subsidiaries            | 2 434,8                    | 4 100,5                     | 2 114,4                    |
| Other                           | 44,3                       | 139,8                       | 94,0                       |
| <b>Written premiums</b>         | <b>17 397,5</b>            | <b>31 989,5</b>             | <b>16 311,9</b>            |

## 14.4 Premium income by business segment

| <i>(in € millions)</i>                    | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|---|----------------------------|-----------------------------|----------------------------|
| <b>Savings</b>                            | <b>14 153,9</b>            | <b>25 687,0</b>             | <b>13 216,6</b>            |
| <b>Pensions</b>                           | <b>968,3</b>               | <b>2 148,1</b>              | <b>1 040,6</b>             |
| Personal risk                             | 782,0                      | 1 449,5                     | 724,7                      |
| Loan insurance                            | 1 162,1                    | 2 112,3                     | 1 026,8                    |
| Health insurance                          | 160,8                      | 271,9                       | 148,7                      |
| Property & Casualty                       | 170,4                      | 320,7                       | 154,5                      |
| <b>Sub-total, Personal risk and other</b> | <b>2 275,3</b>             | <b>4 154,4</b>              | <b>2 054,7</b>             |
| <b>Other activities</b>                   | <b>0,0</b>                 | <b>0,0</b>                  | <b>0,0</b>                 |
| <b>Written premiums</b>                   | <b>17 397,5</b>            | <b>31 989,5</b>             | <b>16 311,9</b>            |

### 14.5 Premium income by company

| <i>(in € millions)</i>  | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|-------------------------|----------------------------|-----------------------------|----------------------------|
| CNP Assurances          | 7 952,2                    | 15 299,2                    | 6 733,7                    |
| CNP IAM                 | 940,7                      | 1 857,0                     | 930,2                      |
| Préviposte              | 177,4                      | 402,3                       | 231,3                      |
| Écureuil Vie            | 5 886,4                    | 10 350,5                    | 6 314,1                    |
| ITV                     | 3,6                        | 7,3                         | 3,5                        |
| CNP International       | 0,1                        | 0,1                         | 0,1                        |
| Assurposte              | 77,7                       | 95,0                        | 43,1                       |
| Global                  | 72,2                       | 145,4                       | 71,8                       |
| Global Vida             | 15,8                       | 39,9                        | 18,6                       |
| CNP Seguros de Vida     | 2,4                        | 3,7                         | 1,8                        |
| Caixa Seguros           | 550,7                      | 887,5                       | 470,3                      |
| CNP Capitalia Vita      | 1 686,5                    | 2 901,6                     | 1 493,4                    |
| CNP Vida                | 31,8                       | 0,0                         | 0,0                        |
| <b>Written premiums</b> | <b>17 397,5</b>            | <b>31 989,5</b>             | <b>16 311,9</b>            |

### 14.6 Direct and inward reinsurance premiums

| <i>(in € millions)</i>      | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|-----------------------------|----------------------------|-----------------------------|----------------------------|
| Insurance premiums          | 17 029,0                   | 31 129,9                    | 16 055,1                   |
| Inward reinsurance premiums | 368,5                      | 859,6                       | 256,8                      |
| <b>Written premiums</b>     | <b>17 397,5</b>            | <b>31 989,5</b>             | <b>16 311,9</b>            |

## Note 15 Investment income

### 15.1 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 directly in equity for first-half 2007, the twelve months of 2006 and first-half 2006.

| (in € millions)  |  | 2007<br>(6 months) | 2006<br>(12<br>months) | 2006<br>(6 months)<br>Pro forma |
|--|--|--------------------|------------------------|---------------------------------|
| <b>Available-for-sale<br/>financial assets</b>                       | -  |                    |                        |                                 |
|  | Interest on debt securities  | 2 657,0            | 6 101,0                | 3 139,8                         |
|  | Interest on loans  | 0,0                | 0,0                    | 0,0                             |
|  | Income from other financial assets   | 651,6              | 792,3                  | 620,1                           |
|  | Capital gains and losses on disposals  | 469,4              | 1 216,8                | 278,4                           |
|  | Impairments  | 59,6               | -24,7                  | -29,7                           |
|  | <b>Net income from available-for-sale financial assets</b>                       | <b>3 837,6</b>     | <b>8 085,4</b>         | <b>4 008,6</b>                  |
| <b>Held-to-maturity<br/>investments</b>                              | -  |                    |                        |                                 |
|  | Interest on debt securities  | 28,7               | 54,6                   | 19,9                            |
|  | Interest on loans  | 0,0                | 0,0                    | 0,0                             |
|  | Other income   | 0,0                | 0,0                    | 0,0                             |
|  | Impairments  | 0,0                | 0,0                    | 0,0                             |
|  | <b>Net income from held-to-maturity investments</b>                              | <b>28,7</b>        | <b>54,6</b>            | <b>19,9</b>                     |
| <b>Financial assets at fair<br/>value through profit or<br/>loss</b> | -  |                    |                        |                                 |
|  | Profit (loss) on securities held for trading                                     | 2 986,6            | 3 558,5                | -1,6                            |
|  | Profit (loss) on derivative instruments held for trading<br>and hedging          | 251,2              | -86,3                  | 8,3                             |
|  | Capital gains and losses on disposals  | 110,6              | 98,2                   | -36,0                           |
|  | <b>Net income from financial assets at fair value<br/>through profit or loss</b> | <b>3 348,4</b>     | <b>3 570,4</b>         | <b>-29,3</b>                    |
| <b>Investment property</b>   | Revenue from investment property   | 107,0              | 294,2                  | 136,6                           |
|  | Capital gains and losses on disposals  | 3,8                | 34,7                   | 2,9                             |
|  | <b>Net income from investment property</b>                                       | <b>110,8</b>       | <b>328,9</b>           | <b>139,5</b>                    |
| <b>Other investment expenses</b>                                     |  | <b>-266,1</b>      | <b>-499,7</b>          | <b>-299,9</b>                   |
| <b>Dilution gains</b>  |  | <b>121,8</b>       | <b>102,0</b>           | <b>0,0</b>                      |
| <b>TOTAL INVESTMENT INCOME</b>                                       |  | <b>7 181,2</b>     | <b>11 641,6</b>        | <b>3 838,8</b>                  |
| Subordinated debt  | Interest on subordinated debt  | -52,0              | -104,9                 | -49,0                           |
|  | <b>Total finance costs</b>   | <b>-52,0</b>       | <b>-104,9</b>          | <b>-49,0</b>                    |
| <b>TOTAL INVESTMENT INCOME NET OF FINANCE COSTS</b>                  |  | <b>7 129,2</b>     | <b>11 536,8</b>        | <b>3 789,8</b>                  |

Reconciliation of investment income and expense to the amounts reported in the income statement:

| <i>(in € millions)</i>  | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|---|----------------------------|-----------------------------|----------------------------|
| Net financial income, before finance costs                        | 7 523,7                    | 12 208,3                    | 4 177,4                    |
| Investment expenses and interest expense, excluding finance costs | -342,5                     | -566,6                      | -338,6                     |
| Finance costs   | -52,0                      | -104,9                      | -49,0                      |
| <b>Total</b>  | <b>7 129,2</b>             | <b>11 536,8</b>             | <b>3 789,8</b>             |

## 15.2 Impairment losses

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

| <i>(in € millions)</i>                                | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)</b> |
|---|----------------------------|-----------------------------|----------------------------|
| <b>Available-for-sale financial assets</b>            | <b>-24,5</b>               | <b>-80,0</b>                | <b>-29,7</b>               |
| Fixed rate bonds                                      | 0,0                        | 0,0                         | 0,0                        |
| Variable rate bonds                                   | 0,0                        | 0,0                         | 0,0                        |
| Money market securities                               | 0,0                        | 0,0                         | 0,0                        |
| Equities  | 0,0                        | 0,0                         | 0,0                        |
| Equity funds  | -0,6                       | -52,6                       | -29,7                      |
| Loan stock  | 0,0                        | 0,0                         | 0,0                        |
| Other (including mutual fund units)                   | -23,9                      | -27,4                       | 0,0                        |
| <b>Held-to-maturity investments</b>                   | <b>0,0</b>                 | <b>0,0</b>                  | <b>0,0</b>                 |
| <b>Impairment losses recognised during the period</b> | <b>-24,5</b>               | <b>-80,0</b>                | <b>-29,7</b>               |

|   |             |             |             |
|---|-------------|-------------|-------------|
| <b>Available-for-sale financial assets</b>          | <b>84,1</b> | <b>55,3</b> | <b>33,0</b> |
| Fixed rate bonds                                    | 0,0         | 0,0         | 0,0         |
| Variable rate bonds                                 | 0,0         | 0,0         | 0,0         |
| Money market securities                             | 0,0         | 0,0         | 0,0         |
| Equities  | 0,0         | 0,0         | 0,0         |
| Equity funds  | 71,1        | 49,6        | 33,0        |
| Loan stock  | 0,0         | 0,0         | 0,0         |
| Other (including mutual fund units)                 | 13,0        | 5,7         | 0,0         |
| <b>Held-to-maturity investments</b>                 | <b>0,0</b>  | <b>0,0</b>  | <b>0,0</b>  |
| <b>Impairment losses reversed during the period</b> | <b>84,1</b> | <b>55,3</b> | <b>33,0</b> |

|  |             |              |            |
|--|-------------|--------------|------------|
| <b>Net change in impairment provisions</b> | <b>59,6</b> | <b>-24,7</b> | <b>3,3</b> |
|--|-------------|--------------|------------|

In the income statement for first-half 2006, only impairment losses recognised during the period are reported under "Impairment losses on financial instruments".

## Note 16    *Income tax expense*

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

| <i>(in € millions)</i>    | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)<br/>Pro forma</b> |
|---------------------------|----------------------------|-----------------------------|--|
| Current taxes             | 261,6                      | 533,6                       | 251,1                                    |
| Deferred taxes            | -3,5                       | -218,9                      | -63,0                                    |
| <b>Income tax expense</b> | <b>258,1</b>               | <b>314,7</b>                | <b>188,1</b>                             |

| <i>(in € millions)</i>    | <b>2007<br/>(6 months)</b> | <b>2006<br/>(12 months)</b> | <b>2006<br/>(6 months)<br/>Pro forma</b> |
|---------------------------|----------------------------|-----------------------------|--|
| Profit for the period     | 653,9                      | 1 430,3                     | 280,3                                    |
| Effective tax rate        | 28,30%                     | 18,03%                      | 32,88%                                   |
| <b>Income tax expense</b> | <b>258,1</b>               | <b>314,7</b>                | <b>188,1</b>                             |