CNP ASSURANCES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

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Consolidated balance sheet

ASSETS – In € millions	Notes	31/12/2009	31/12/2008	31/12/2007
Goodwill	*7*	775.6	712.2	659.2
Value of business in force	*7*	70.2	169.2	186.4
Other intangible assets	*7*	31.8	29.2	28.1
Total intangible assets		**877.6**	**910.6**	**873.7**
Investment property	*8*	1,284.1	1,555.8	1,499.3
Held-to-maturity investments	*9*	1,209.9	958.8	1,112.9
Available-for-sale financial assets	*9*	216,839.2	187,906.4	180,910.8
Securities held for trading	*9*	62,631.5	58,122.3	74,981.0
Loans and receivables	*9*	2,451.4	2,230.0	2,088.4
Derivative instruments	*9*	2,661.0	2,234.4	1,972.7
Insurance investments		**287,077.1**	**253,007.7**	**262,565.1**
Banking and other investments		**71.7**	**83.8**	**272.4**
Investments in associates	***5***	**0.0**	**426.3**	**422.8**
Reinsurers' share of insurance and financial liabilities	***10***	**6,879.4**	**6,305.3**	**6,139.3**
Insurance or reinsurance receivables	*11*	3,034.9	3,339.3	3,499.8
Current tax assets		419.8	371.5	324.7
Other receivables	*11*	1,228.6	2,180.4	968.4
Property and equipment	*8*	179.8	206.6	195.6
Other non-current assets		270.1	226.5	208.7
Deferred participation asset	*10*	0.0	1,175.3	0.0
Deferred tax assets	*12*	127.7	73.5	26.3
Other assets		**5,260.9**	**7,573.1**	**5,223.5**
Non-current assets held for sale		**571.1**	**0.0**	**0.0**
Cash and cash equivalents		**1,138.8**	**1,257.7**	**1,175.3**
TOTAL ASSETS		**301,876.7**	**269,564.6**	**276,672.1**

EQUITY AND LIABILITIES – In € millions	Notes	31/12/2009	31/12/2008	31/12/2007
Share capital		594.2	594.2	594.2
Share premium account		981.5	981.5	981.5
Revaluation reserve		1,332.7	496.8	1,972.6
Deeply-subordinated debt	*4*	2,143.0	2,143.0	2,143.0
Retained earnings		5,319.9	5,100.3	4,383.2
Profit for the period		1,004.1	730.6	1,221.8
Translation reserve		172.9	(8.4)	109.0
Equity attributable to owners of the parent		**11,548.3**	**10,037.9**	**11,405.3**
Minority interests		877.1	562.0	566.9
Total equity		**12,425.5**	**10,599.9**	**11,972.2**
Insurance liabilities (excluding-unit-linked)	*10*	79,957.8	63,201.6	54,347.1
Insurance liabilities - unit-linked	*10*	27,135.6	23,094.7	27,306.0
Insurance liabilities		**107,093.3**	**86,296.3**	**81,653.1**
Financial liabilities – financial instruments with DPF (excluding unit-linked)	*10*	147,370.2	144,073.7	139,148.7
Financial liabilities – financial instruments without DPF (excluding unit-linked)	*10*	787.7	465.0	516.3
Financial liabilities – unit-linked financial instruments	*10*	9,455.7	10,678.0	14,200.3
Financial liabilities		**157,613.6**	**155,216.7**	**153,865.3**
Derivative instruments separated from the host contract		0.0	0.0	0.0
Deferred participation reserve	*10*	6,889.8	356.7	8,675.0
Insurance and financial liabilities		**271,596.8**	**241,869.7**	**244,193.4**
Provisions	***13***	**143.8**	**329.9**	**112.5**
Subordinated debt	*10*	1,492.0	1,881.0	1,926.4
Financing liabilities		**1,492.0**	**1,881.0**	**1,926.4**
Operating liabilities represented by securities		3,459.3	5,016.8	4,319.7
Operating liabilities due to banks		139.5	63.8	69.9
Liabilities arising from insurance and reinsurance transactions	*14*	2,318.5	2,101.9	2,199.1
Current taxes payable		255.3	312.3	251.3
Current account advances		317.1	309.5	324.6
Liabilities towards holders of units in controlled mutual funds		2,852.6	2,687.1	4,336.4
Derivative instruments	*9*	1,970.7	1,268.3	1,456.1
Deferred tax liabilities	*12*	1,132.7	620.7	1,641.8
Other liabilities	*14*	3,294.6	2,503.7	3,868.7
Other liabilities		**15,740.3**	**14,884.1**	**18,467.6**
Liabilities related to assets held for sale		**478.4**	**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**301,876.7**	**269,564.6**	**276,672.1**

Consolidated income statement

In € millions	Notes	31/12/2009	31/12/2008	31/12/2007
Premiums written		32,531.5	28,277.9	31,504.3
Change in unearned premiums reserve		(8.5)	(3.4)	(4.9)
Earned premiums	*15*	**32,523.1**	**28,274.4**	**31,499.4**
Revenue from other activities	*15*	**168.6**	**158.4**	**161.9**
Other operating revenue		0.0	0.0	0.0
Investment income		10,100.3	10,181.0	9,753.7
Gains and losses on disposal of investments, net of reversals of impairment losses and amortisation		1,303.6	1,490.0	1,707.9
Change in fair value of financial assets at fair value through profit		3,982.5	(10,798.5)	16.1
Impairment losses on financial instruments		(194.5)	(3,014.4)	17.7
Investment income (expense) before finance costs	*19*	**15,191.8**	**(2,141.8)**	**11,495.4**
Net revenue		**47,883.5**	**26,291.0**	**43,156.7**
Claims and benefits expenses	*16*	(42,295.2)	(21,086.4)	(37,168.8)
Investment and other financial expenses, excluding finance costs	*19*	(515.7)	(559.0)	(597.1)
Reinsurance result	*18*	(27.7)	(66.5)	(18.1)
Expenses of other businesses		(6.2)	(7.1)	(11.9)
Acquisition costs	*17*	(3,048.3)	(2,977.1)	(2,989.1)
Amortisation of value of in-force business acquired	*7*	(149.8)	(14.4)	(19.6)
Contract administration expenses	*17*	(351.0)	(370.4)	(349.8)
Other recurring operating income and expense, net	*17*	236.1	(130.5)	(16.7)
Total other recurring operating income and expense, net		**(46,157.9)**	**(25,211.3)**	**(41,171.1)**
Recurring operating profit		**1,725.5**	**1,079.8**	**1,985.6**
Other non-recurring operating income and expense, net		(1.3)	1.9	1.7
Operating profit		**1,724.3**	**1,081.7**	**1,987.3**
Finance costs	*19*	(85.4)	(108.5)	(106.5)
Change in fair value of intangible assets	*7*	(104.0)	0.0	0.0
Share of profit of associates	*5*	31.7	29.1	46.0
Income tax expense	*20*	(444.2)	(187.9)	(547.8)
Profit (loss) from discontinued operations, after tax		0.0	0.0	0.0
Profit for the period		**1,122.3**	**814.4**	**1,379.0**
Minority interests		(118.2)	(83.8)	(157.2)
Attributable to owners of the parent		**1,004.1**	**730.6**	**1,221.8**
Basic earnings per share (in €)		6.8	4.9	8.2
Diluted earnings per share (in €)		6.8	4.9	8.2

Consolidated statement of income and expense recognised directly in equity

Consolidated statement of income and expense recognised directly in equity – 2009

	Equity attributable to owners of the parent	Minority interests	Total equity
Profit for the period	**1,004.1**	**118.2**	**1,122.3**
Gains and losses recognised directly in equity			
Available-for-sale financial assets			
Change in revaluation reserve during the period	8,729.6	82.8	8,812.5
Reclassification of proceeds from disposals	(987.8)	(7.0)	(994.9)
Reclassification of impairment losses to profit or loss	570.2	9.3	579.4
Sub-total including deferred participation and deferred taxes	*8,312.0*	*85.0*	*8,397.0*
Deferred participation including deferred taxes	(6,985.6)	*(38.3)*	(7,023.9)
Deferred taxes	(492.6)	*(14.5)*	(507.1)
Sub-total net of deferred participation and deferred taxes	*833.8*	*32.2*	866.0
Translation differences	181.4	115.2	296.6
Actuarial gains and losses	(2.8)	(0.1)	(2.8)
Other movements	(9.7)	1.7	(8.0)
Total income and expense recognised directly in equity	**1,002.7**	**149.1**	**1,151.8**
Net income and expense recognised directly in equity	**2,006.8**	**267.3**	**2,274.1**

Consolidated statement of income and expense recognised directly in equity – 2008

	Equity attributable to owners of the parent	Minority interests	Total equity
Profit for the period	**730.6**	**83.8**	**814.4**
Gains and losses recognised directly in equity			
Available-for-sale financial assets			
Change in revaluation reserve during the period	(8,473.3)	(29.6)	(8,502.9)
Reclassification of proceeds from disposals	(1,359.1)	1.1	(1,358.0)
Reclassification of impairment losses to profit or loss	3,323.9	2.3	3,326.2
Sub-total including deferred participation and deferred taxes	*(6,508.5)*	*(26.2)*	(6,534.7)
Deferred participation including deferred taxes	4,259.0	*(2.5)*	4,256.4
Deferred taxes	773.7	*8.9*	782.7
Sub-total net of deferred participation and deferred taxes	*(1,475.8)*	*(19.8)*	(1,495.6)
Translation differences	(117.4)	(83.2)	(200.6)
Actuarial gains and losses	(5.8)	0.0	(5.8)
Other movements	(2.2)	0.0	(2.2)
Total income and expense recognised directly in equity	**(1,601.2)**	**(103.0)**	**(1,704.2)**
Net income and expense recognised directly in equity	**(870.6)**	**(19.2)**	**(889.8)**

Consolidated statement of income and expense recognised directly in equity – 2007

	Equity attributable to owners of the parent	Minority interests	Total equity
Profit for the period	**1,221.8**	**157.2**	**1,379.0**
Gains and losses recognised directly in equity			
Available-for-sale financial assets			
Change in revaluation reserve during the period	(2,917.9)	(3.4)	(2,921.3)
Reclassification of proceeds from disposals	(1,063.9)	(3.4)	(1,067.2)
Reclassification of impairment losses to profit or loss	120.5	0.0	120.5
Sub-total including deferred participation and deferred taxes	*(3,861.3)*	*(6.8)*	(3,868.1)
Deferred participation including deferred taxes	3,809.0	*0.7*	3,809.7
Deferred taxes	(114.4)	*1.5*	(112.9)
Sub-total net of deferred participation and deferred taxes	*(166.7)*	*(4.6)*	(171.3)
Translation differences	18.4	19.8	38.2
Actuarial gains and losses	0.0	0.0	0.0
Other movements	0.6	0.0	0.6
Total income and expense recognised directly in equity	**(147.7)**	**15.2**	**(132.5)**
Net income and expense recognised directly in equity	**1,074.1**	**172.4**	**1,246.5**

Consolidated statement of changes in equity

Consolidated statement of changes in equity – 2009

In € millions	Share capital	Share premium account	Revaluation reserve	Deeply-subordinated debt	Retained earnings and profit	Translation reserve	Total equity attributable to owners of the parent	Minority interests	Total equity
	Attributable to owners of the parent								
Adjusted equity at 1 January 2009 – IFRS	**594.2**	**981.5**	**496.8**	**2,143.0**	**5,830.9**	**(8.4)**	**10,037.9**	**562.0**	**10,599.9**
Net income and unrealised and deferred gains and losses for the period			**833.8**		**991.6**	**181.4**	**2,006.8**	**267.3**	**2,274.1**
- Dividends paid					(421.8)		(421.8)	(98.2)	(520.0)
- Issue of shares									
- Deeply-subordinated debt, net of tax					(63.0)		(63.0)		(63.0)
- Treasury shares, net of tax					6.9		6.9		6.9
- Changes in scope of consolidation			2.1		0.2		2.4	83.2	85.6
- Other movements *					(20.9)		(20.9)	62.9	42.0
Equity at 31 December 2009	**594.2**	**981.5**	**1,332.7**	**2,143.0**	**6,324.0**	**172.9**	**11,548.3**	**877.2**	**12,425.5**

(*) Other movements in minority interests include shares issued by CNP UniCredit Vita for an amount of €57 million.

Consolidated statement of changes in equity – 2008

In € millions	Share capital	Share premium account	Revaluation reserve	Deeply-subordinated debt	Retained earnings and profit	Translation reserve	Total equity attributable to owners of the parent	Minority interests	Total equity
	Attributable to owners of the parent								
Adjusted equity at 1 January 2008 – IFRS	**594.2**	**981.5**	**1,972.6**	**2,143.0**	**5,605.0**	**109.0**	**11,405.3**	**566.9**	**11,972.2**
Net income and unrealised and deferred gains and losses for the period			**(1,475.8)**	**0.0**	**722.6**	**(117.4)**	**(870.6)**	**(19.2)**	**(889.8)**
- Dividends paid					(422.3)		(422.3)	(38.0)	(460.3)
- Issue of shares							0.0		0.0
- Deeply-subordinated debt, net of tax					(71.5)		(71.5)		(71.5)
- Treasury shares, net of tax					(12.0)		(12.0)		(12.0)
- Changes in scope of consolidation					2.6		2.6	46.0	48.7
- Other movements					6.2		6.2	6.2	12.4
Equity at 31 December 2008	**594.2**	**981.5**	**496.8**	**2,143.0**	**5,830.7**	**(8.4)**	**10,037.8**	**562.0**	**10,599.7**

Consolidated statement of changes in equity – 2007

In € millions	Share capital	Share premium account	Revaluation reserve	Deeply-subordinated debt	Retained earnings and profit	Translation reserve	Total equity attributable to owners of the parent	Minority interests	Total equity
	Attributable to owners of the parent								
Adjusted equity at 1 January 2007 – IFRS	**554.5**	**321.5**	**2,077.4**	**2,035.0**	**5,316.7**	**90.6**	**10,395.7**	**1,513.8**	**11,909.5**
Net income and unrealised and deferred gains and losses for the period			**(166.7)**		**1,222.4**	**18.4**	**1,074.1**	**172.4**	**1,246.5**
- Dividends paid					(340.9)		(340.9)	(78.4)	(419.3)
- Issue of shares	39.7	660.0					699.7		699.7
- Deeply-subordinated debt, net of tax				108.0	(70.5)		37.5	(108.0)	(70.5)
- Treasury shares, net of tax					(9.0)		(9.0)		(9.0)
- Changes in scope of consolidation			61.9		(537.9)		(476.0)	(924.3)	(1,400.3)
- Other movements					24.2		24.2	(8.6)	15.6
Equity at 31 December 2007	**594.2**	**981.5**	**1,972.6**	**2,143.0**	**5,605.0**	**109.0**	**11,405.3**	**566.9**	**11,972.2**

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 and cash equivalents

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

They include units in "ordinary" money-market funds but do not include units in dynamic funds that are highly sensitive to changes in market prices, in accordance with the guidelines of the French 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, operating property and equipment and intangible assets.

Definition of cash flows from financing activities

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

• Share issues and cancellations.

• Debt issues and repayments.

• Purchases and sales of treasury stock, dividends paid to owners of the parent and minority shareholders of subsidiaries.

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

In € millions	31/12/2009	31/12/2008	31/12/2007
Cash and cash equivalents reported in the balance sheet	1,138.8	1,257.7	1,175.3
Cash and cash equivalents relating to assets held for sale	12.3	0.0	0.0
Operating liabilities due to banks	(5.4)	(6.7)	3.1
Securities held for trading	9,159.0	7,518.9	3,879.0
Total	**10,304.7**	**8,769.9**	**5,057.3**

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.
- Securities held for trading, consisting of money market mutual funds, reported in the balance sheet under assets.

* Provisional financial statements pending validation by the Statutory Auditors

Consolidated cash flow statement

In € millions	*31/12/2009*	*31/12/2008*	*31/12/2007*
Operating profit before tax	**1,724.3**	**1,081.7**	**1,987.5**
Gains on sales of investments, net	(1,414.1)	(1,513.4)	(1,707.9)
Depreciation and amortisation expense, net	222.8	85.4	73.1
Change in deferred acquisition costs	(51.4)	(1.1)	0.0
Impairment losses, net	210.6	3,005.6	(14.4)
Charges to technical reserves for insurance and financial liabilities	21,003.7	1,087.9	17,489.0
Charges to provisions, net	(197.4)	225.4	(132.9)
Change in fair value of financial instruments at fair value through profit (other than cash and cash equivalents)	(3,986.8)	10,770.8	(16.1)
Other adjustments	618.4	(768.7)	(548.2)
Total adjustments	**16,405.8**	**12,891.9**	**15,142.6**
Change in operating receivables and payables	1,260.0	(1,830.4)	94.1
Change in securities sold and purchased under repurchase and resale agreements	(1,542.0)	714.6	(2,311.0)
Change in other assets and liabilities	33.3	(22.1)	(1,973.0)
Income taxes paid, net of reimbursements	(555.7)	(424.2)	(398.0)
Net cash provided by operating activities	**17,325.7**	**12,411.5**	**12,542.2**
Acquisitions of subsidiaries and joint ventures, net of cash acquired	(7.9)	(77.6)	(925.2)
Divestments of subsidiaries and joint ventures, net of cash sold	692.0	0.0	0.0
Acquisitions of associates	0.0	0.0	0.0
Divestments of associates	0.0	0.0	0.0
Net cash (used) provided by divestments and acquisitions	**684.1**	**(77.6)**	**(925.2)**
Proceeds from the sale of financial assets	403,523.7	194,627.7	137,369.3
Proceeds from the sale of investment property	571.8	190.7	31.8
Proceeds from the sale of other investments	12.1	16.4	0.0
Net cash provided by sales and redemptions of investments	**404,107.5**	**194,834.7**	**137,401.1**
Acquisitions of financial assets	(419,413.4)	(202,713.6)	(149,744.8)
Acquisitions of investment property	(68.2)	(265.9)	(33.6)
Acquisitions and/or issuance of other investments	0.0	0.0	0.0
Net cash used by acquisitions of investments	**(419,481.6)**	**(202,979.4)**	**(149,778.4)**
Proceeds from the sale of property and equipment and intangible assets	1.3	5.4	19.8
Purchases of property and equipment and intangible assets	(47.3)	(40.9)	(41.1)
Net cash used by sales and purchases of property and equipment and intangible assets	**(45.9)**	**(35.5)**	**(21.3)**
Net cash used by investing activities	**(14,735.9)**	**(8,257.8)**	**(13,323.8)**
Issuance of equity instruments	57.0	0.0	699.6
Redemption of equity instruments	0.0	0.0	(16.5)
Purchases and sales of treasury shares	8.6	(12.9)	(8.3)
Dividends paid	(520.0)	(460.3)	(419.1)
Net cash (used) provided by transactions with shareholders	**(454.4)**	**(473.2)**	**255.7**
New borrowings	49.1	0.0	0.0
Repayments of borrowings	(426.9)	(53.4)	(9.3)
Interest paid on borrowings	(184.7)	(217.5)	(198.2)
Net cash used by other financing activities	**(562.5)**	**(270.9)**	**(207.5)**
Net cash (used) provided by financing activities	**(1,016.9)**	**(744.0)**	**48.2**
Cash and cash equivalents at beginning of period	**8,769.9**	**5,057.3**	**5,795.1**
Net cash provided by operating activities	17,325.7	12,411.5	12,542.3
Net cash used by investing activities	(14,735.9)	(8,257.8)	(13,323.8)
Net cash (used) provided by financing activities	(1,016.9)	(744.0)	48.2
Effect of changes in exchange rates	4.9	(0.6)	(4.5)
Effect of changes in scope of consolidation	(43.1)	303.6	-
Cash and cash equivalents at the reporting date	**10,304.7**	**8,769.9**	**5,057.3**

Notes to the consolidated financial statements

Note 1. Significant events of the year

1.1 Impact of the crisis in the financial markets

The recovery on the financial markets beginning in March 2009 (the CAC 40 index finished up 22.3% for the year to stand at 3,936.33 points), coupled with lower interest rates, generated unrealised gains on financial assets measured at fair value: there was a positive impact of €281 million on consolidated profit for the year from changes in the value of financial assets measured at fair value through profit, while unrealised gains on available-for-sale financial assets recognised in equity amounted to €833.8 million (both amounts are net of deferred participation and deferred taxation).

Prior to this, the fall-out from the ongoing financial crisis continued to send shockwaves throughout the Group. Certain Italian clients had invested in contracts backed by Lehman Brothers bonds and, in the wake of the difficulties caused by the collapse of this institution in September 2008, the Italian market began to shun unit-linked and index-linked products. In late 2008, CNP UniCredit Vita launched a range of non-unit linked products which generated premium income of over €3 billion in 2009. Given the strategic change inherent in CNP UniCredit Vita's new product mix, the Group reviewed the subsidiary's business plan together with the value of the intangible assets recognised on the consolidated balance sheet (value of business in force and goodwill).

The Group wrote off the entire value of insurance policies acquired along with the subsidiary in November 2004, amounting to €45 million at 31 December 2009. These consisted mostly of unit-linked and index-linked products which have now been abandoned in favour of mostly non-unit-linked products. Remeasurement of the subsidiary's business plan to reflect the higher solvency ratios required for the new products has also led the Group to record an impairment loss of €104 million on the original goodwill recognised of €366.5 million, leaving goodwill of €262.5 million at 31 December 2009. The Group is confident in the future earnings scenario developed under the new strategy and based around UniCredit's network of 1,969 agencies (UCBdR and Banco di Sicilia). UniCredit was number two in the Italian bancassurance market in 2009. In 2010, in addition to consolidating the strong performance of its non-unit-linked products, CNP UniCredit Vita will launch a new range of combined unit-linked / non-unit-linked contracts and continue to develop its loan insurance and personal insurance offering.

1.2 Long-term life bancassurance partnership with Barclays in Southern Europe

On 25 June 2009, CNP Assurances (CNP) and Barclays Bank PLC (Barclays) entered into a 25-year business alliance to develop their life insurance businesses via Barclays' networks in Spain, Portugal and Italy.

Under the terms of this agreement:

- CNP acquired a 50% stake in Barclays' life insurance subsidiary – Barclays Vida y Pensiones (BVP) – which operates in Spain and Portugal. The partners will also launch new insurance operations in Italy to bolster currently existing businesses. CNP has management and financial control over BVP and it was fully consolidated in its books at 31 December 2009.
- The partners will enter into an exclusive agreement to distribute a comprehensive range of life insurance and pension products (including savings, pensions and personal risk insurance products) through Barclays' networks in Spain, Portugal and Italy.

Barclays and CNP are jointly committed to developing a solid life insurance business in Spain, Portugal and Italy by drawing on both Barclays' proven experience and rapid growth in these countries (approximately 1,000 branches at end-2009) and the major growth potential of Southern European insurance markets.

Under the agreement, CNP paid Barclays up-front cash consideration of €140 million upon completion of the transaction. In order to share out the value created by the joint venture on an equitable basis, the agreement also provides for an earn-out mechanism over 12 years based on the achievement of certain sales targets and margins and on the growth of the Barclays branch network. Payments under the earn-out mechanism are estimated at €80.2 million at 31 December 2009.

For consolidation purposes, the acquisition balance sheet at 31 August 2009 has been prepared using provisional data. CNP Assurances will record any adjustments to amounts initially recognised within 12 months of the acquisition date (31 August 2009). In particular, goodwill, which amounted to €164.5 million at 31 December 2009, will be remeasured based on the fair value of the subsidiary's assets and liabilities.

The entire operation will be financed from internal resources and will not have a material impact on the Group's solvency capital.

1.3 Sale of Portuguese subsidiaries Global and Global Vida

On 12 November 2009, CNP Assurances entered into an agreement with Rentipar Seguros SGPS for the sale of its stakes of 83.52% and 83.57% respectively in Global - Companhia de Seguros, S.A. and Global Vida - Companhia de Seguros de Vida, S.A. (together, Global Seguros), for a total consideration of €117 million, valuing both companies at €140 million for 100% of their share capital.

Subject to the customary regulatory approvals, the transaction is expected to close during the first quarter of 2010. At 31 December 2009, Global and Global Vida have been accounted for in accordance with IFRS 5, Non-current assets held for sale and discontinued operations.

The price is subject to an adjustment mechanism based on the change in net asset value and should generate net gains for the Group of around €20 million in 2010. The operation will boost the Group's solvency ratio by approximately 0.7%.

Following the recent partnerships signed with Barclay's Bank Plc in Spain, Portugal and Italy, and with Marfin Popular Bank in Greece and Cyprus, this transaction completes the refocusing of CNP Assurances on its *bancassurance* core business.

1.4 CNP Assurances exercises put option on its Natixis Global Asset Management (NGAM) shares

On 17 December 2009, CNP Assurances exercised the put option on its 11.34% interest in NGAM, as provided for in the addendum to the memorandum of understanding concluded between CNP Assurances and the Caisse Nationale des Caisses d'Epargne (CNCE) in 2007.

Exercising the put option had a positive impact of €17.4 million on consolidated profit for the year, comprising a gain on disposal of €234.3 million, less tax of €13.1 million and derecognition of the put option carried at fair value for an amount of €203.7 million.

This decision was made purely for asset management reasons and will have no impact on the operating relationship between the two companies. NGAM will continue to manage CNP Assurances' life insurance assets generated by the Caisse d'Epargne network as well as other portfolios.

1.5 Change of ownership of CNP UniCredit Life (renamed CNP Europe)

An indirect investment held in CNP UniCredit Life (wholly owned by CNP UniCredit Vita) was reclassified as a direct investment held by CNP Assurances. The agreement was signed on 23 December 2008 and the transaction was finalised on 31 March 2009. This operation provides CNP Assurances with a platform of cutting edge operating processes for developing its private asset management business within the scope of the free provision of services within the European Union.

The operation consisted of the buyback of UniCredit's indirect minority interest in CNP Europe (42.5%) and generated non-material negative goodwill of €2.3 million - corresponding to the difference between the cost of the minority interests and the value of the net assets acquired – which was recognised as an increase in equity.

1.6 Decision by the Lyon Court of Appeal and Article 14 of the national collective agreement

On 13 January 2009, the Lyon Court of Appeal handed down a decision concerning the application of Article 4 of the Evin Law stipulating that under mandatory company healthcare schemes, former employees may continue to receive the same healthcare coverage when they are retired, incapacitated or receiving unemployment benefit.

The Technical Risks Committee stresses that the decision of the Lyon Court of Appeal will not have a material impact on the Group's consolidated financial statements and that the Group has made provisions to provide identical coverage to any former employees who formally request it to do so.

Furthermore, the effective date of application of Article 14 of the national collective agreement of 11 January 2008 - which provides for continuing healthcare and personal risk insurance coverage for employees who have been made redundant during the period in which they are unemployed – has been pushed back from 19 January 2009 to 1 July 2009. This continuing coverage will be paid for jointly by employer and employee. This situation is also being monitored by the Technical Risks Committee.

1.7 Multi-annual partnership agreement between MFP Services and CNP Assurances

On 2 July 2009, CNP Assurances and Mutuelles de la Fonction Publique Services (through its two subsidiaries, MFPrévoyance SA and MFPrima) - extended their partnership arrangement up to 31 December 2013. They also renewed their funding arrangement for the same period.

These multi-annual agreements bolster the partnership arrangements that have existed since 1947 between CNP Assurances, the public sector mutual insurers and their federation, especially those relating to their personal risk and loan insurance businesses.

Note 2 Subsequent events

2.1 Memorandum issued by the Conseil national de la comptabilité (French national accounting board – CNC) concerning the treatment of the new territorial economic contribution (contribution économique territoriale) under IFRS

On 14 January 2010, the CNC published a memorandum concerning the accounting treatment of the new territorial economic contribution (*contribution économique territoriale*) for entities who prepare their consolidated financial statements under IFRS. In particular, the CNC notes that each entity should determine whether the component relating to the entity's value added is a tax or an operating expense. Given that this memorandum has only just been published and that it is for information purposes only, the Group has not yet finalised the related treatment for 2010 and has continued to apply its existing accounting procedures.

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 year ended 31 December 2009 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 23 February 2010.

3.1 Statement of compliance

In accordance with European directive 1606/2002/EC of 19 July 2002, the consolidated financial statements have been prepared in accordance with the IFRSs adopted by the European Union before 31 December 2009.

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

New accounting standards that came into force during the year ended 31 December 2009

IFRS 8 — Operating Segments, published in November 2006 and applicable for annual periods beginning on or after 1 January 2009, replaces IAS 14 — Segment Reporting. The new standard requires the operating segments used in published financial information to be identified on the basis of internal reports about the components of the entity that are regularly reviewed by the chief operating officers in order to allocate resources to the segments and assess their performance. The standard requires disclosures concerning the methods used to identify segments. Segment balances must also be reconciled to the amounts disclosed in the consolidated balance sheet and income statement. The impacts of the application of this new standard on the consolidated financial statements for the year ended 31 December 2009 are presented in Note 3.18.

Revised IAS 1 — Presentation of Financial Statements, published on 6 September 2007 and applicable for annual periods beginning on or after 1 January 2009, concludes the first phase of the IASB's project to overhaul the presentation of financial statements. The revised standard requires an entity to i) present all non-owner changes in equity either in one statement of comprehensive income for the period or in two statements; and ii) present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement. It also requires disclosure of income tax relating to each component of other comprehensive income as well as reclassification adjustments relating to components of other comprehensive income. In accordance with revised IAS 1, the consolidated financial statements now include a consolidated statement of comprehensive income and a consolidated statement of changes in equity. All of this information was previously disclosed in the consolidated statement of changes in equity.

Amendment to IFRS 7 – Financial Instruments Disclosures, published on 5 March 2009, introduced a three-level hierarchy for fair value disclosures and distinguishes fair value measurement based on the significance of the inputs used in making the measurements (i.e., quoted prices, observable market data or other data). This information is presented in Note 9.2.

Amendment to IAS 23 — Borrowing Costs, published on 29 March 2007, stipulates that borrowing costs must be capitalised and prohibits immediate expensing of borrowing costs. Financial assets measured at fair value are excluded from the scope of this amendment. The application of this amendment does not have any material impact on the consolidated financial statements at 31 December 2009.

The following standards and interpretations are already in force but have no material impact on the Group's consolidated financial statements:

- Amendment to IFRS 2 – Share-based Payment, adopted by the European Union on 16 December 2008.
- Amendments to IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements, adopted by the European Union on 21 January 2009.
- Improvements to IFRSs, adopted by the European Union on 23 January 2009.
- IFRIC 15 – Agreements for the Construction of Real Estate, adopted by the European Union on 22 July 2009.
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, adopted by the European Union on 4 June 2009.
- Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives, adopted by the European Union on 15 September 2009.

Main accounting standards and interpretations published but not yet in force

Revised IFRS 3 – Business Combinations, and related revisions to IAS 27 – Consolidated and Separate Financial Statements, published on 10 January 2008 and applicable for accounting periods beginning on or after 1 July 2009 (early adoption is allowed) represents the second phase of the IASB's project to review the accounting treatment of business combinations. Revised IFRS 3 introduces certain changes in the accounting treatment of business combinations that may impact the amount of goodwill recognised, or the amount of profit in the acquisition period or in subsequent periods. The related revisions to IAS 27 require that a change in the interest held in a subsidiary must be accounted for as an equity transaction and no impact is recognised in goodwill or in profit. They also introduce changes in the accounting treatment of losses generated by subsidiaries and of the loss of control of a subsidiary. The Group will apply this standard on a prospective basis to new acquisitions from 1 January 2010.

3.2 Basis of preparation of the consolidated financial statements

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

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

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

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

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

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

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

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

They have been applied uniformly by all Group entities.

3.3 Basis of consolidation

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

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 as well as the contractual details of the shareholders' agreement and, in particular, any partnership arrangements to distribute insurance products. Subsidiaries are fully consolidated.

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

Jointly controlled entities (joint ventures)

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

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

Associates

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

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

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

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

3.3.2 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 should be eliminated based on the Group's share of the entity's profit. Losses resulting from the impairment in value of an asset transferred in an intragroup transaction are not eliminated.

3.5 Deferred 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.

3.5.2 Conditional participation

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

These rights are recognised only when the event or management decision is highly probable. Conditional participation also arises from the application of the shadow accounting technique described in Note 3.12.1.

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, in certain cases the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

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

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.

3.8 Intangible assets

3.8.1 Goodwill arising on business combinations

Business combinations are accounted for by the purchase method in accordance with IFRS 3. The purchase method is used to recognise the fair value of identifiable assets (including previously unrecognised intangible assets such as the value of business in force acquired) and identifiable liabilities (excluding future restructuring operations).

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

Positive goodwill is:

- Recognised in intangible assets when it arises on the acquisition of entities consolidated by the full-consolidation or proportionate methods.
- Included in investments in associates when it arises on the acquisition of an entity accounted for by the equity method.
- Recognised in the local currency of the acquiree and translated into euros at the closing exchange rate when it arises on the acquisition of a foreign entity (outside the euro zone).

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

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

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

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

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

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

3.8.2 Life insurance portfolios

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

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

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

3.8.3 Software

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

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

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

3.9 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 operating properties using the cost model under IAS 40 and IAS 16, except for properties held in unit-linked portfolios which are measured at fair value.

Details of the fair value of properties measured using the cost model are also disclosed in these notes to the financial statements. Fair value corresponds to the probable realisable value of properties and shares in unlisted property companies. It is determined on the basis of five-year valuations performed by a qualified expert recognised by the French 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 directly attributable to acquisition or construction are included in asset cost and expensed once the building is in use.

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

- Land.
- Shell and roof structure.
- Facades and roofing.
- Fixtures.
- Technical installations.

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

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

Depreciation

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

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

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

- Shell: 50 years.
- Facades and roofing: 30 years except for warehouses, factories, shopping centres and cinemas: 20 years;
- Technical installations: 20 years.
- Fixtures: 10 years.

Impairment

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

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

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

- Available-for-sale financial assets, corresponding to assets that are not held with the firm intention of being sold but which the Group may decide to sell, for example to meet its liquidity needs. This classification is applied to assets not classified in any of the above three categories.

Recognition and derecognition

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

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

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 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 paragraph 3.12.1) and the deferred tax effect.

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

Impairment

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

Assets measured at amortised cost and debt instruments available for sale

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

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

Available-for-sale equity instruments

The Group has taken account of the guidelines contained in the IFRIC (International Financial Reporting Interpretations Committee) Update of July 2009 concerning the impairment of equity instruments.

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

- A prolonged decline in the fair value: the market price is less than the average carrying amount over the two years preceding the reporting date; or
- A significant decline in the fair value: the market price at the reporting date represents less than 50% of the average carrying amount.

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

Moreover, in all cases where these thresholds have not been exceeded but the market price represents less than 70% of the average carrying amount over the previous six months, the Group systematically tests all equity instruments on an asset-by-asset basis to ascertain whether or not an impairment loss needs to be recognised. This approach is based on both the materiality of the decline in the fair value and the intrinsic underlying features of the valuation for each asset.

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

A similar method is employed for unlisted variable income securities.

Reversals of impairment losses

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

Impairment losses recognised in the income statement on available-for-sale equity instruments are reversed through profit 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 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 except for instruments designated as hedges whose effectiveness can be demonstrated.

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

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

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

3.9.4 Measurement of financial assets at fair value

A financial instrument is considered as traded in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions conducted on an arm’s length basis. The main criterion used in determining whether or not a market is active is how recent the quoted prices actually are.

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

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

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

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

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

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

Structured product valuation principles

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

The valuation techniques used:

- Make maximum use of market inputs,
- Incorporate all factors that market participants would consider in setting a price, and
- Are consistent with accepted economic methodologies for pricing financial instruments.

Fair value hierarchies

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

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

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

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

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

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

3.10 Equity

3.10.1 Components of equity

Equity includes share capital, retained earnings, unrealised gains and losses from remeasurement at fair value of available-for-sale financial assets net of tax and shadow accounting adjustments, the capitalisation reserve net of tax, and subordinated debt instruments classified in equity due to the discretionary nature of interest payments (see Note 3.15).

3.10.2 Capital management

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

At 31 December 2009, the insurance subsidiaries and the Group as a whole complied with these minimum solvency capital requirements. Details of the Group's adjusted solvency capital based on the consolidated financial statements are reported each year to the French insurance supervisor (*Autorité de Contrôle des Assurances et des Mutuelles*).

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

3.11 Treasury stock

Treasury stock, corresponding mainly to shares acquired to stabilise the CNP Assurances share price, are recorded as a deduction from equity in the IFRS accounts. The same treatment is applied to CNP Assurances shares acquired for allocation under employee share grant plans (see Note 3.14).

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 savings 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 (IFRS 4) or financial instruments without DPF (IAS 39) fall within the scope of:

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

3.12.1 Insurance contracts and financial instruments with DPF

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

Insurance contracts

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

Insurance risk is a risk other than a financial risk. Financial risk is the risk of a possible future change in one or more 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 the insurance risk is assessed based on a single representative contract. Under this approach, the insurance risk may be considered significant although the probability of the group of contracts generating a loss that has a material adverse effect on the financial statements is remote due to the pooling of risks.

Financial instruments with a discretionary participation feature (DPF)

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

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

Hybrid contracts

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

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

> Life insurance and savings contracts

Premiums

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

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

Technical and mathematical reserves

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

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

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 surplus underwriting profits and investment income in addition to the guaranteed minimum yield, any surplus not paid during the period is accumulated in the policy-holder surplus reserve.

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

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

> Shadow accounting

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

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

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

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

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

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

> Reinsurance

Outward reinsurance

Premiums, claims and technical reserves are stated before reinsurance. Ceded amounts are recognised under "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 investment contracts are subsequently measured at fair value, corresponding to their surrender value.

3.12.3 Service contracts (IAS 18)

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

3.13 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 in which the plan has been set up.

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

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

Early retirement plans

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

Business start-up grants

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

Discount rate

The discount rate corresponds to the 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 a date close to the reporting date.

Accounting treatment

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

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

Liabilities under unfunded plans are recognised in the balance sheet.

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

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 payment

Employee share grants

At the Combined General Meeting of 7 June 2005 (8th resolution), the shareholders authorised the Executive Board to make share grants on one or more occasions, representing an aggregate maximum of 0.4% of the capital, to certain categories of employees and management (Article L.225-197-1 II of the French Commercial Code) of the Company 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 made 52,920 share grants, representing 0.038% of the Company's share capital at that date.

On 19 June 2007, the Executive Board added to the programme by making 52,650 share grants representing 0.035% of the Company's share capital at that date.

Both of these 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 reporting date and the cost of managing the shares.

3.15 Financing liabilities and subordinated debt

Perpetual subordinated notes for which the Group determines the timing of interest payments are classified as equity instruments. All other dated and undated debt instruments 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, Sogestop J, Carrés bleus SA (formerly Sogestop C), Prévimut, Cicoge SA (a property investment company), Filassistance Services, Filassistance International, Age d'or Expansion, AEP 3, AEP 4, Assurimmeuble, Boetimmo, Étages Franklin, Étendard, Kupka, Pyramides 2, Arrabida Gaia, Assurhelene, Foncière Investissement, Saint-Denis Talange, Center Villepinte, Écureuil Vie Crédit and Écureuil Vie Investissement.

Current and deferred taxes

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

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

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

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

3.18 Operating segments

The application of IFRS 8 has not had any major impact on the information previously prepared under IAS 14 as the operating segments reported under this standard already corresponded to the reporting basis approved by the Group's Executive Committee which is regarded as the chief operating decision maker as defined by IFRS 8.

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. The return on these products depends on the occurrence of the insured risk.

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

- Premium income: new money, corresponding to premium income measured under French GAAP, i.e., before adjustments related to the deposit component of financial instruments without a discretionary participation feature.
- Net new money: premium income as defined above, net of claims settled during the period, and excluding changes in the unexpired risks reserve.
- Net profit from insurance activities: premium loading recognised on insurance products, net of commissions paid.

- General expenses: expenses allocated to each reportable segment based on analyses carried out by the Planning and Performance Division.

- EBIT: operating profit adjusted for net fair value adjustments to financial assets and before finance costs, taxes and minority interests. EBIT is a key indicator of profit by reportable segment based on analyses by senior Group management. To obtain the profit for the period attributable to owners of the parent, the following items are added to the EBIT (the respective sign indicates if it is a gain or a loss) :
  - finance costs;
  - share in earnings of associates;
  - non-recurring items;
  - income tax expense;
  - minority interests;
  - fair value adjustments on securities held for trading (these adjustments correspond to the unrealized and realized gains from the financial instruments classified in fair value through profit or loss) ;
  - net gains on equities and property net of impairment of business in force and goodwill (these adjustments correspond to realized gains from equities and impairment of equities and property).

- Equity: equity under IFRS, broken out by reportable segment and based on each segment's average regulatory solvency capital.

- Segment assets and liabilities: assets and liabilities under IFRS, broken out by reportable segment.

Comparative disclosures have been analysed using the same basis.

3.19 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. Share capital

4.1 Deeply-subordinated notes reclassified in equity

31/12/2009

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*
Deeply-subordinated notes (attributable to owners of the parent)				**2,143.0**
CNP ASSURANCES	June 2004	Tec 10+10 bps, capped at 9%	€	250.0
CNP ASSURANCES	Nov. 2004	Tec 10+10 bps, capped at 9%	€	50.0
CNP ASSURANCES	March 2005	6.5% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP ASSURANCES	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	25.0
CNP ASSURANCES	June 2005	7% until 2009, then 10-year EUR CMS +30 bps, cap at (10-year EUR CMS – 2-year EUR CMS), 2% floor	€	75.0
CNP ASSURANCES	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	€	160.0
CNP ASSURANCES	Dec. 2006	4.750% until 22 December 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP ASSURANCES	Dec. 2006	3-month Euribor + 95 bps until 20 December 2026, then 3-month Euribor +195 bps	€	108.0
Total				**2,143.0**

31/12/2008

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*
Deeply-subordinated notes (attributable to owners of the parent)				**2,143.0**
CNP ASSURANCES	June 2004	Tec 10 +10bps, capped at 9%	€	250.0
CNP ASSURANCES	Nov. 2004	Tec 10+10 bps, capped at 9%	€	50.0
CNP ASSURANCES	March 2005	6.5% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP ASSURANCES	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	25.0
CNP ASSURANCES	June 2005	7% until 2009, then 10-year EUR CMS +30bps, cap at 10 times (10-year EUR CMS – 2-year EUR CMS), 2% floor	€	75.0
CNP ASSURANCES	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185bps	€	160.0
CNP ASSURANCES	Dec. 2006	4.750% until 22 December 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP ASSURANCES	Dec. 2006	3-month Euribor +95bps until 20 December 2026, then 3-month Euribor +195bps	€	108.0
Total				**2,143.0**

In € millions	Issuance date	Interest rate	Currency	Amounts
		31/12/2007		
Deeply-subordinated notes (attributable to owners of the parent)				**2,143.0**
CNP ASSURANCES	June 2004	Tec 10 +10bps, capped at 9%	€	250.0
CNP ASSURANCES	Nov. 2004	Tec 10+10 bps, capped at 9%	€	50.0
CNP ASSURANCES	March 2005	6.5% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP ASSURANCES	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	25.0
CNP ASSURANCES	June 2005	7% until 2009, then 10-year EUR CMS +30bps, cap at 10 times (10-year EUR CMS – 2-year EUR CMS), 2% floor	€	75.0
CNP ASSURANCES	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185bps	€	160.0
CNP ASSURANCES	Dec. 2006	4.750% until 22 December 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP ASSURANCES	Dec. 2006	3-month Euribor +95bps until 20 December 2026, then 3-month Euribor +195bps	**€**	**108.0**
Total				**2,143.0**

4.2 Ownership structure

Shareholder	Number of shares	% interest
Caisse des Dépôts	59,415,129	39.99%
Sopassure (La Poste and BPCE holding company)	52,705,478	35.48%
French State	1,618,841	1.09%
Total shares held in concert	**113,739,448**	**76.57%**
Private investors	34,798,375	23.43%
Of which: CNP Assurances (treasury shares)	504,263	0.34%
Total	**148,537, 823**	**100.00%**

4.3 Equity

Issued capital	Ordinary shares		
	31/12/2009	**31/12/2008**	**31/12/2007**
Number of shares outstanding at the beginning of the period	148,537.823	148,537,823	138,635,302
Shares issued during the period	-	-	9,902,521
Number of shares outstanding at the end of the period	148,537,823	148,537,823	148,537,823

In 2007, CNP Assurances issued 9,902,521 new shares, raising the total number of shares outstanding to 148,537,823.

4.4 2009 dividends

The recommended 2009 dividend amounts to X per share, representing a total payout of X million.

4.5 Basic and diluted earnings per share

In € millions	31/12/2009	31/12/2008	31/12/2007
Profit attributable to owners of the parent	1,004.1	730.6	1,221.8
Dividends on preferred shares	0.0	0.0	0.0
Profit attributable to ordinary shareholders	**1,004.1**	**730.6**	**1,221.8**

	31/12/2009	31/12/2008	31/12/2007
Number of ordinary shares at 1 January	148,537,823.0	148,537,823.0	148,537,823.0
Treasury shares	(425,980.3)	(574,021.3)	(402,908.6)
Weighted average number of shares at 31 December	**148,111,842.8**	**147,963,801.8**	**148,134,914.4**

In € per share	31/12/2009	31/12/2008	31/12/2007
Profit attributable to ordinary shareholders	6.8	4.9	8.2
After-tax effect of interest on convertible bonds	0.0	0.0	0.0
Diluted profit attributable to ordinary shareholders	**6.8**	**4.9**	**8.2**

In € millions	31/12/2009	31/12/2008	31/12/2007
Profit attributable to ordinary shareholders	**1,004.1**	**730.6**	**1,221.8**

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

4.6 Related party information

Related parties comprise subsidiaries, associates and joint ventures and the members of senior management.

Related party transactions are carried out on arm's length terms.

The list of subsidiaries and associates is provided in Note 5.
Material transactions between the Company and consolidated subsidiaries are presented in Note 4.6.2.
The total remuneration paid to members of senior management is disclosed in Note 4.7.

4.6.1 Transactions with non-Group companies

4.6.1.1 Transactions between CNP Assurances and direct shareholders

In € millions	CNP Assurances	Caisse des Dépôts et Consignations	BPCE	La Banque Postale
Commissions	(1,229.9)	0.0	751.1	478.8
Fees	(11.0)	11.0	0.0	0.0
Employee benefits expense	(18.6)	18.6	0.0	0.0
Dividends	(319.5)	169.3	75.1	75.1
Financial income and expense	(203.7)	0.0	203.7	0.0

Commissions correspond to revenue received by Banque Populaire Caisses d'Épargne and La Banque Postale on the sale of products managed by CNP Assurances.

Fees correspond to various expenses rebilled by Caisse des dépôts et consignations to CNP Assurances.

Employee benefits expense corresponds to the cost of Caisse des dépôts et consignations employees seconded to CNP Assurances.
Dividends correspond to the 2008 dividend paid to the Group's direct shareholders.

Financial expense corresponds to the derecognition of CNP Assurances' put option on Natixis Global Asset Management (NGAM) shares (see Note 1.4).

4.6.1.2 *Transactions between CNP Assurances subsidiaries and between Group shareholders*

The following tables show material transactions between CNP Assurances subsidiaries and between Group shareholders corresponding to the payment of commissions or dividends, or interest on subordinated notes issued by a subsidiary that are held by another subsidiary.

In € millions	CNP Assurances	BPCE
Subordinated debt	(17.7)	17.7
Commissions	(751.1)	751.1
Time accounts	(66.6)	66.6

In € millions	La Banque Postale Prévoyance	La Banque Postale
Commissions	(32.1)	32.1
Dividends	(9.2)	9.2

In € millions	Caixa	CEF*
Dividends	(87.3)	(87.3)

CEF: Caixa Economica Federal.

In € millions	CNP UniCredit Vita	UniCredit
Dividends	0.0	0.0

In € millions	Marfin Insurance Holdings Ltd	Marfin Popular Bank
Dividends	(2.9)	2.9

4.6.2 Intra-group transactions in 2009

4.6.2.1 *Subsidiaries and joint ventures*

The following table shows transactions between the Group and its subsidiaries. They correspond to fees, interest on subordinated notes issued by a subsidiary and held by the Group, reinsurance and co-insurance transactions between the Group and its subsidiaries and dividends paid by subsidiaries to the Group.

In € millions	CNP Assurances	La Banque Postale Prévoyance	Caixa	CNP UniCredit Vita	Global
Fees	(25.4)	23.1	1.2	0.8	0.4
Reassurance/co-insurance	0.0	0.0	0.0	0.0	0.0
Dividends	92.8	(9.2)	(80.9)	0.0	(2.8)

4.6.2.2 *Associates*

In € millions	CNP Assurances	Natixis Global Asset Management
Asset management fees	(15.2)	15.2

4.7 Management remuneration

The total remuneration paid to the Chairman, Chief Executive Officer, the four Deputy Chief Executive Officers and the members of the Board of Directors is presented below, together with details of their remuneration by category.

2009

- Short-term benefits: the short-term benefits (salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, Chief Executive Officer, the four Deputy Chief Executive Officers and the members of the Board of Directors in 2009 amounted to €3,835,609.

- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the four Deputy Chief Executive Officers total €8,793,798.

- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.

- Share-based payment: no share-based payments were made in 2009 to the Chief Executive Officer, the four Deputy Chief Executive Officers or the members of the Board of Directors.

2008

- Short-term benefits: the short-term benefits (salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, Chief Executive Officer, the four Deputy Chief Executive Officers and the members of the Board of Directors in 2008 amounted to €4,262,342.

- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the four Deputy Chief Executive Officers total €6,047,552.

- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.

- Share-based payment: no share-based payments were made in 2008 to the Chief Executive Officer, the four Deputy Chief Executive Officers or the members of the Board of Directors.

2007

- Short-term benefits: the short-term benefits (salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, Chief Executive Officer, the four Deputy Chief Executive Officers and the members of the Board of Directors in 2007 amounted to €3,206,275.

- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the four Deputy Chief Executive Officers total €2,563,987.

- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.

Note 5. Scope of consolidation

5.1 Consolidated companies and percentage of voting rights at 31 December 2009

Company	Change in scope of consolidation	Consolidation method	Country	Business	31/12/2009 % voting rights	31/12/2009 % interest	31/12/2008 % voting rights	31/12/2008 % interest
1. Strategic subsidiaries								
CNP ASSURANCES		Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP IAM		Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
PREVIPOSTE		Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
ITV		Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP INTERNATIONAL		Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
LA BANQUE POSTALE PREVOYANCE		Proportionate	France	Insurance	50.00%	50.00%	50.00%	50.00%
GLOBAL		Full	Portugal	Insurance	83.52%	83.52%	83.52%	83.52%
GLOBAL VIDA		Full	Portugal	Insurance	83.57%	83.57%	83.57%	83.57%
CNP SEGUROS DE VIDA		Full	Argentina	Insurance	76.47%	76.47%	76.47%	76.47%
CNP HOLDING BRASIL		Full	Brazil	Insurance	100.00%	100.00%	100.00%	100.00%
CAIXA SEGUROS		Full	Brazil	Insurance	51.75%	51.75%	51.75%	51.75%
CNP UNICREDIT VITA		Full	Italy	Insurance	57.50%	57.50%	57.50%	57.50%
CNP VIDA		Full	Spain	Insurance	94.00%	94.00%	94.00%	94.00%
MARFIN INSURANCE HOLDINGS LTD		Full	Cyprus	Insurance	50.10%	50.10%	50.10%	50.10%
CNP Europe *(formerly CNP UniCredit Life)*	*(1)*	Full	Ireland	Insurance	100.00%	100.00%	0.00%	0.00%
BARCLAYS VIDA Y PENSIONES	*(2)*	Full	Spain	Insurance	50.00%	50.00%	0.00%	0.00%
2. Mutual funds								
UNIVERS CNP 1 FCP		Full	France	Mutual fund	99.79%	99.79%	100.00%	100.00%
CNP ASSUR EURO SI		Full	France	Mutual fund	97.02%	97.02%	99.07%	99.07%
ECUREUIL PROFIL 30		Full	France	Mutual fund	94.79%	94.79%	97.98%	97.98%
LBPAM PROFIL 80 D 5DEC		Not consolidated	France	Mutual fund	0.00%	0.00%	90.29%	90.29%
LBPAM PROFIL 50 D 5DEC		Full	France	Mutual fund	71.24%	71.24%	80.87%	80.87%
LBPAM ACT. DIVERSIF 5DEC		Full	France	Mutual fund	73.93%	73.93%	73.49%	73.49%
CNP ACP OBLIG FCP		Full	France	Mutual fund	49.71%	49.71%	49.67%	49.67%
BOULE DE NEIGE 3 3DEC		Full	France	Mutual fund	60.51%	60.51%	60.09%	60.09%
CDC IONIS FCP 4DEC		Full	France	Mutual fund	100.00%	100.00%	100.00%	100.00%
CNP ACP 10 FCP		Full	France	Mutual fund	49.74%	49.74%	49.95%	49.95%
ECUREUIL PROFIL 90		Full	France	Mutual fund	54.55%	54.55%	55.22%	55.22%
PROGRESSIO 5 DEC		Full	France	Mutual fund	92.02%	92.02%	91.00%	91.00%
AL DENTE 3 3 DEC		Full	France	Mutual fund	55.66%	55.66%	54.39%	54.39%
VIVACCIO ACT 5DEC		Full	France	Mutual fund	80.46%	80.46%	98.43%	98.43%
CNP ASSUR ALT. 3DEC	*(3)*	Full	France	Mutual fund	99.13%	99.13%	0.00%	0.00%

3. Property companies

ASSURBAIL		Full	France	Lease financing	99.07%	99.07%	99.07%	99.07%
AEP3 SCI		Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
CIMO		Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
AEP4 SCI		Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
PB6		Proportionate	France	Property company	50.00%	50.00%	50.00%	50.00%
SICAC		Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
CNP IMMOBILIER		Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
ASSURIMMEUBLE		Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
ECUREUIL VIE DÉVELOPPEMENT		Full	France	Brokerage	51.00%	51.00%	51.00%	51.00%
NATIXIS GLOBAL ASSET MANAGEMENT	*(4)*	Not consolidated	France	Asset management	0.00%	0.00%	11.34%	11.34%

(1) Removed from the CNP UniCrédit Vita consolidation sub-group - acquisition of minority interests by CNP Assurances.
(2) Acquired on 1 September 2009.
(3) Newly consolidated.
(4) Sold on 17 December 2009.

5.2 Analysis of the MIH (Marfin Insurance Holdings Ltd) acquisition price

In € millions	Based on a 100% interest	CNP share 50.1%
Cost of the business combination	**306.8**	**154.6**
Acquisition price before adjustment	*290.0*	*145.3*
Contractually agreed adjustment	*(3.3)*	*(1.7)*
Earn-out, subject to future achievement of objectives	*18.2*	*9.1*
Business acquisition costs	*1.9*	*1.9*
Remeasured NAV at 31 December 2008	**97.2**	**48.7**
Value of business in force	**40.0**	**20.0**
Goodwill		**85.9**

5.3 Analysis of the Barclays Vida y Pensiones acquisition price

In € millions	Based on a 100% interest	CNP share 50%
Cost of the business combination	**413.0**	**248.3**
Acquisition price before adjustment	*280.0*	*140.0*
Contractually agreed adjustment	*49.4*	*24.7*
Earn-out, subject to future achievement of objectives	*80.2*	*80.2*
Business acquisition costs	*3.4*	*3.4*
Remeasured NAV at 31 December 2009	**167.7**	**83.8**
Goodwill		**164.5**

In accordance with the timetable set out in IFRS 3, the work involved in calculating the definitive goodwill for Barclays Vida y Pensiones will be completed by 1 September 2010. The difference between the acquisition cost and the net asset value acquired has been booked in goodwill at 31 December 2009.

5.4 Financial information concerning associates

Summary financial information, on a 100% basis

31/12/2009	Total assets	Equity	Revenue	Profit
Natixis Global Asset Management*	0	0	0	280

* Natixis Global asset Management was sold on 17 December 2009.

31/12/2008	Total assets	Equity	Revenue	Profit
Natixis Global Asset Management	4,970	3,552	1,364	257

31/12/2007	Total assets	Equity	Revenue	Profit
Natixis Global Asset Management	3,574	3,451	1,621	353

Investments in associates

	31/12/2009	31/12/2008	31/12/2007
At 1 January	**426.3**	**422.8**	**300.3**
Increase in interest	0.0	0.0	123.3
Change in consolidation method	0.0	(7.9)	0.0
Newly-consolidated companies	0.0	0.0	7.7
Share issue	14.3	21.7	0.0
Share of profit	31.7	29.1	46.0
Share of amounts recognised in net assets	(2.3)	4.1	(18.7)
Dividends received	(29.2)	(43.5)	(35.8)
Deconsolidations	(440.8)	0	0
At 31 December	**0.0**	**426.3**	**422.8**

Note 6. Segment information

6.1 Balance sheet by business segment at 31 December 2009

ASSETS ***In € millions***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Goodwill and value of business in force	567.0	6.5	269.7	2.5	845.7
Financial investments and investments in associates	244,146.2	29,086.8	13,805.5	110.4	287,148.9
Other assets (including deferred participation asset)					13,882.1
Total assets					**301,876.7**

EQUITY AND LIABILITIES ***In € millions***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Total equity	8,839.0	1,040.8	2,533.5	12.2	12,425.5
Financial liabilities related to financial instruments (including deferred participation reserve)	156,624.1	7,328.2	551.1		164,503.4
Insurance liabilities	75,609.8	23,742.7	7,740.8		107,093.3
Other liabilities					17,854.5
Total equity and liabilities					**301,876.7**

6.2 Balance sheet by business segment at 31 December 2008

ASSETS ***In € millions***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Goodwill and value of business in force	537.4	96.3	247.7	0.0	881.4
Financial investments and investments in associates	216,768.7	24,366.1	12,329.4	53.6	253,517.8
Other assets (including deferred participation asset)					15,165.4
Total assets					**269,564.6**

EQUITY AND LIABILITIES ***In € millions***	**Savings**	**Pensions**	**Personal risk**	**Other (excluding insurance)**	**Total**
Total equity	8,081.4	969.9	1,548.6	0.0	10,599.9
Financial liabilities related to financial instruments (including deferred participation reserve)	149,011.1	6,269.7	292.6	0.0	155,573.4
Insurance liabilities	58,426.8	20,511.2	7,358.3	0.0	86,296.3
Other liabilities					17,095.0
Total equity and liabilities					**269,564.6**

6.3 Income statement by business segment at 31 December 2009

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
	31/12/2009					Reconciliation with premium income under IFRS	
Premium income	25,256.4	3,193.7	4,998.5		33,448.6	(863.0)	32,586.6
Net new money	8,354.3	1,593.9	2,666.3		12,614.4		
Net revenue from insurance activities	**1,320.9**	**288.1**	**865.7**	**77.2**	**2,551.9**		
General expenses	(395.2)	(89.8)	(281.2)	(29.4)	(795.6)		
EBIT	**925.7**	**198.3**	**584.5**	**47.8**	**1,756.3**		

Finance costs	(85.4)
Share in earnings of associates	31.7
Non-recurring items*	(220.5)
Income tax expense (effective tax rate)	(543.8)
Minority interests	(154.2)
Fair value adjustments on securities held for trading	280.7
Net gains on equities and property	(60.6)
Attributable to owners of the parent	**1,004.1**

* Correspond to an increase of the insurance and financial liabilities.

6.4 Income statement by business segment at 31 December 2008

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
	31/12/2008					Reconciliation with premium income under IFRS	
Premium income	21,491.9	2,865.7	4,846.5	0.2	29,204.3	882.1	28,322.2
Net new money	5,629.3	1,191.1	2,708.1	0.0	9,528.5		
Net revenue from insurance activities	**1,741.5**	**107.3**	**1,201.4**	**70.4**	**3,120.6**		
General expenses	(386.6)	(86.1)	(256.8)	(22.4)	(751.9)		
EBIT	**1,354.9**	**21.2**	**944.6**	**48.0**	**2,368.7**		

Finance costs	(108.5)
Share in earnings of associates	29.1
Income tax expense (effective tax rate)	(713.9)
Minority interests	(164.1)
Fair value adjustments on securities held for trading	(409.7)
Net gains on equities and property	(271.0)
Attributable to owners of the parent	**730.6**

Note 7. Intangible assets

7.1 Intangible assets by category

In € millions	Cost	Amortisation	Impairment losses	Reversals	Carrying amount
			31/12/2009		
Goodwill [1]	**938.1**	**(58.5)**	**(104.0)**	**0.0**	**775.6**
Value of business in force [2]	**356.2**	**(158.3)**	**(127.7)**	**0.0**	**70.2**
Software	**213.6**	**(181.7)**	**(0.1)**	**0.0**	**31.8**
** Internally-developed software*	*83.5*	*(69.9)*	*0.0*	*0.0*	*13.5*
** Other*	*130.1*	*(111.8)*	*(0.1)*	*0.0*	*18.2*
TOTAL	**1,507.9**	**(398.5)**	**(231.8)**	**0.0**	**877.6**

In € millions	Cost	Amortisation	Impairment losses	Reversals	Carrying amount
			31/12/2008		
Goodwill [1]	**775.5**	**(63.3)**	**0.0**	**0.0**	**712.2**
Value of business in force	**286.1**	**(116.9)**	**0.0**	**0.0**	**169.2**
Software	**195.4**	**(166.1)**	**(0.1)**	**0.0**	**29.2**
** Internally-developed software*	*79.1*	*(67.1)*	*0.0*	*0.0*	*12.0*
** Other*	*116.3*	*(99.0)*	*(0.1)*	*0.0*	*17.2*
TOTAL	**1,257.0**	**(346.3)**	**(0.1)**	**0.0**	**910.6**

In € millions	Cost	Amortisation	Impairment losses	Reversals	Carrying amount
			31/12/2007		
Goodwill [1]	**729.4**	**(70.2)**	**0.0**	**0.0**	**659.2**
Value of business in force	**307.7**	**(121.3)**	**0.0**	**0.0**	**186.4**
Software	**179.1**	**(151.0)**	**0.0**	**0.0**	**28.1**
** Internally-developed software*	*73.9*	*(63.8)*	*0.0*	*0.0*	*10.1*
** Other*	*105.2*	*(87.2)*	*0.0*	*0.0*	*18.0*
TOTAL	**1,216.2**	**(342.5)**	**0.0**	**0.0**	**873.7**

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

(2) The impairment loss gross of tax is booked in the income statement heading “Amortisation of value of in-force business acquired”.

Goodwill

7.1.1 Goodwill by company

In € millions	Original goodwill	Net goodwill at 31 December 2009	Net goodwill at 31 December 2008	Net goodwill at 31 December 2007
Global	34.4	0.0	25.8	25.8
Global Vida	17.8	0.0	13.3	13.3
La Banque Postale Prévoyance	45.8	22.9	22.9	22.9
Caixa group	360.6	239.8	184.6	230.7
CNP UniCredit Vita	366.5	262.5	366.5	366.5
Marfin Insurance Holdings Ltd	85.9	85.9	99.1	-
Barclays Vida y Pensiones	164.5	164.5	-	-
TOTAL	**1,075.5**	**775.6**	**712.2**	**659.2**

CNP UniCredit Vita

The recoverable amount of the CGU to which CNP UniCredit Vita has been allocated corresponds to its value in use, based on net asset value plus expected future cash flows from existing policies and new business. The value of future revenues is estimated based on the embedded value of life and investment portfolios, and new business. These are taken from the business outlook for 2010 – 2017, validated by management and extrapolated using a stable or decreasing growth rate for new business between 2018 and 2029, and then discounted to present value using a post-tax discount rate (between 5.4% for in-force business and 7.4% for longer-term policies). The effective interest rate of 6.5% is in line with the average weighted cost of capital.

The carrying amount was reduced to the recoverable amount as calculated at 31 December 2009. As indicated in the Group's accounting policies, this valuation is based on the assumption that the distribution agreement will be renewed.

A 100bps increase in the discount rate would decrease the recoverable amount by €47 million.

Caixa group

The recoverable amount of the CGU to which Caixa group has been allocated corresponds to its value in use, based on net asset value plus expected future cash flows from existing policies and new business. These expected future cash flows are taken from the five-year business outlook (2010 – 2015) validated by management and extrapolated using a stable or decreasing growth rate for new business between 2015 and 2034, and then discounted to present value using a post-tax discount rate of 12%.

Applying a range of reasonable discount rates to future cash flows does not warrant the recognition of an impairment loss.

At present, based only on an analysis of forecast cash flows through to the end of the current agreement in force, there is no need to recognise an impairment loss provision.

Marfin Insurance Holdings Ltd

The adjustment was made based on the acquisition audit work and mainly reflects the recognition of in-force business.

Global and Global Vida

Given that these subsidiaries have been reclassified to assets held for resale, the related goodwill was written down in full.

Barclays Vida y Pensiones

In accordance with IFRS 3, the work involved in calculating the final goodwill for Barclays Vida y Pensiones must be completed by 1 September 2010. All adjustments to amounts initially recognised have been booked in goodwill at 31 December 2009.

7.1.2 Movements for the period

In € millions	**31/12/2009**	**31/12/2008**	**31/12/2007**
Carrying amount at the beginning of the period	**712.2**	**659.2**	**640.7**
Goodwill recognised during the period	164.5	99.1	0.0
Adjustments to provisional accounting	(13.2)	0.0	0.0
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0	0.0
Translation adjustment on gross value	63.4	(52.9)	19.5
Other movements	0.0	0.0	1.5
Impairment losses	(104.0)	0.0	0.0
Translation adjustment on movements during the period	(8.2)	6.8	(2.5)
Increase in % interest	0.0	0.0	0.0
Non-current assets held for sale and discontinued operations	(39.1)	0.0	0.0
Carrying amount at the end of the period	**775.6**	**712.2**	**659.2**

7.2 Value of business in force

7.2.1 Value of business in force

In € millions	*Original value*	*Carrying amount at 31 December 2009*	*Carrying amount at 31 December 2008*	*Carrying amount at 31 December 2007*
Caixa group	122.6	10.1	10.0	16.2
CNP UniCredit Vita	175.3[1]	0.0	136.8	146.5
CNP Vida	24.0	20.7	21.9	23.1
CNP Seguros de Vida	0.9	0.3	0.5	0.6
Marfin Insurance Holdings Ltd	44.4[2]	39.1	0.0	0.0
TOTAL	**367.2**	**70.2**	**169.2**	**186.4**

(1) The Group's share in CNP UniCredit Vita's in-force business was written down in full for an amount of €45 million net of tax (see Note 1.1).

(2) The Group's share in in-force business was recognised for an amount of €44.4 million following completion of the acquisition audit work.

7.2.2 Movements for the period

In € millions	31/12/2009	31/12/2008	31/12/2007
Gross at the beginning of the period	**286.1**	**307.7**	**274.9**
Newly-consolidated companies	0.0	0.0	24.0
Translation adjustments	25.7	(21.6)	7.9
Acquisitions for the period	44.4	0.0	0.9
Disposals for the period	0.0	0.0	0.0
Gross at the end of the period	356.2	286.1	307.7
Accumulated amortisation and impairment at the beginning of the period	(116.9)	(121.3)	(95.5)
Translation adjustments	(23.0)	18.8	(6.2)
Amortisation for the period [1]	(22.1)	(14.4)	(19.6)
Impairment losses recognised during the period [2]	(127.7)	0.0	0.0
Impairment losses reversed during the period	0.0	0.0	0.0
Disposals for the period	0.0	0.0	0.0
Accumulated amortisation and impairment at the end of the period	(289.7)	(116.9)	(121.3)
Carrying amount at the end of the period	**66.5**	**169.2**	**186.4**

(1) Pending final calculation of the value of Barclays Vida y Pensiones' value of business in force in accordance with IFRS, the Group recognised an expense of €3.7 million (the Group's pre-tax share was €1.8 million) to reflect the amortisation of the value of business in force in the consolidated financial statements at 31 December 2009.

However, as the amount in question was very small, and so as not to pre-empt the final allocation of goodwill, the Group has recognised this amortisation charge in the balance sheet, while impairment expense already recorded has been recognised in the income statement. Consequently, the amount of goodwill initially estimated and recognised for Barclays Vida y Pensiones (i.e., €164.5 million) has not been reduced by the afore-mentioned amount.

(2) The impairment loss gross of tax is booked in the income statement heading "Amortisation of value of in-force business acquired".

7.3 Software

7.3.1 Internally-developed software

In € millions	31/12/2009	31/12/2008	31/12/2007
Carrying amount at the beginning of the period	**12.0**	**10.1**	**8.4**
Acquisitions for the period	4.4	5.1	4.0
Amortisation for the period	(2.9)	(3.2)	(1.5)
Impairment losses	0.0	0.0	(1.0)
Translation adjustments	0.0	0.0	0.0

Other movements	0.0	0.0	0.2
Carrying amount at the end of the period	**13.5**	**12.0**	**10.1**

7.3.2 Other software and other intangible assets

In € millions	31/12/2009	31/12/2008	31/12/2007
Carrying amount at the beginning of the period	**17.2**	**18.0**	**21.5**
Acquisitions for the period	13.1	9.9	10.1
Amortisation for the period	(12.0)	(9.1)	(5.6)
Impairment losses	(0.1)	(1.9)	(7.8)
Translation adjustments	0.0	0.0	0.0
Other movements	0.0	0.3	(0.2)
Carrying amount at the end of the period	**18.2**	**17.2**	**18.0**

Note 8. Investment and owner-occupied property

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

It presents:

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

8.1 Investment property

Carrying amount of investment property (In € millions)	31/12/2009	31/12/2008	31/12/2007
Investment property measured by the cost model			
Gross value	1,182.8	1,482.1	1,472.5
Accumulated depreciation	(339.0)	(431.4)	(406.0)
Accumulated impairment losses	(25.9)	(15.5)	(12.9)
Carrying amount	**817.9**	**1,035.2**	**1,053.6**
Investment property measured by the fair value model			
Gross value	466.1	520.6	445.7
Total investment property	**1,284.1**	**1,555.8**	**1,499.3**

Investment property (other than property held in unit-linked portfolios) (In € millions)	31/12/2009	31/12/2008	31/12/2007
Carrying amount at the beginning of the period	**1,035.2**	**1,053.6**	**890.9**
Acquisitions	0.4	0.0	0.1
Post-acquisition costs included in the carrying amount of property	59.3	15.2	7.6
Properties acquired through business combinations	0.0	0.0	0.0
Disposals	(347.5)	(4.4)	(8.4)
Depreciation for the period	(27.1)	(29.5)	(26.1)
Impairment losses recognised during the period	(11.2)	(3.5)	(0.2)
Impairment losses reversed during the period	114.0	1.9	7.3
Translation adjustments	0.0	0.0	0.0
Other movements*	(0.1)	1.9	182.4
Non-current assets held for sale and discontinued operations	(5.2)	0.0	0.0
Carrying amount at the end of the period	**817.9**	**1,035.2**	**1,053.6**

* “Other movements” in 2007 correspond mainly to the reclassification of properties held by Sicac and Assurbail as investment properties. These assets were previously reported under “Banking and other assets”. 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 assets”.

Investment property held in unit-linked portfolios (In € millions)	31/12/2009	31/12/2008	31/12/2007
Carrying amount at the beginning of the period	**520.6**	**445.7**	**394.7**
Acquisitions	7.6	87.8	0.3
Post-acquisition costs included in the carrying amount of property	0.0	0.0	11.5
Properties acquired through business combinations	0.0	0.0	0.0
Disposals	(30.7)	0.0	0.0
Net gains (losses) arising from remeasurement at fair value	(40.2)	(8.3)	24.5
Translation adjustments	0.0	0.0	0.0
Transfers to inventory or owner-occupied property	0.0	0.0	0.0
Transfers from inventory or owner-occupied property	0.0	0.0	0.0
Other movements	8.8	(4.6)	14.7
Carrying amount at the end of the period	**466.1**	**520.6**	**445.7**

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

8.2 Owner-occupied property

Owner-occupied property (In € millions)	31/12/2009	31/12/2008	31/12/2007
Carrying amount at the beginning of the period	**144.4**	**136.1**	**137.6**
Acquisitions	1.5	13.0	0.1
Post-acquisition costs included in the carrying amount of property	1.9	3.0	2.1
Properties acquired through business combinations	0.0	0.0	0.0
Disposals	(0.7)	(1.8)	0.3
Depreciation for the period	(5.2)	(5.2)	(5.3)
Impairment losses recognised during the period	(7.1)	(1.5)	0.0
Impairment losses reversed during the period	1.0	1.7	6.8
Translation adjustments	0.9	(0.8)	0.3
Transfers	(12.6)	(0.1)	(5.8)
Non-current assets held for sale and discontinued operations	(11.1)	0.0	0.0
Carrying amount at the end of the period	**113.0**	**144.4**	**136.1**

Note 9. Investments

9.1 Investments by category

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

9.1.1 Investments at 31 December 2009

In € millions		31/12/2009 Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit (*)	Fixed-rate bonds					16,810.5	
	Variable-rate bonds					10,286.9	
	TCNs (money market securities)					303.0	
	Equities					6,351.8	
	Mutual fund units					27,420.5	
	Shares in non-trading property companies					1,458.3	
	Other (including lent securities and repos)					0.5	
	Total					**62,631.5**	
Derivative instruments	Derivative instruments (positive fair value)					2,661.0	
	Derivative instruments (negative fair value)					(1,970.7)	
	Total					**690.3**	
Available-for-sale financial assets	Fixed-rate bonds	156,137.4	1,191.2	(218.1)	5,595.3	162,705.8	
	Variable-rate bonds	7,201.1	369.9	0.0	158.0	7,729.0	
	TCNs (money market securities)	6,382.7	(4.3)	0.1	10.1	6,388.6	
	Equities	16,073.8		(4,277.2)	4,423.6	16,220.2	
	Mutual fund units	14,589.5		(467.1)	192.6	14,314.9	
	Shares in non-trading property companies	2,879.6		(100.6)	1,004.6	3,783.6	
	Non-voting loan stock	57.8		(0.7)	6.8	63.9	
	Other (including lent securities and repos)	5,836.0	(46.1)	(617.7)	460.9	5,633.0	
	Total	**209,157.9**	**1,510.7**	**(5,681.3)**	**11,851.8**	**216,839.2**	
Held-to-maturity investments	Fixed-rate bonds	1,260.9		(51.0)		1,209.9	13.0
	Total	**1,260.9**		**(51.0)**	**0.0**	**1,209.9**	**13.0**
Loans and receivables	Loans and receivables	2,451.4		0.0		2,451.4	0.2
	Total	**2,451.4**		**0.0**	**0.0**	**2,451.4**	**0.2**
Investment property	Investment property at amortised cost	1,182.8	(339.0)	(25.9)		817.9	951.3
	Investment property at fair value	466.1				466.1	
	Total	**1,649.0**	**(339.0)**	**(25.9)**		**1,284.1**	**951.3**
TOTAL				**(5,758.2)**	**11,851.8**	**285,106.4**	**964.5**

* The classification of assets in unit-linked portfolios has been refined in the category “Assets at fair value through profit”.

9.1.2 Investments at 31 December 2008

In € millions		31/12/2008					
		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit	Fixed-rate bonds					15,503.5	
	Variable-rate bonds					10,393.0	
	TCNs (money market securities)					407.5	
	EQUITIES					5,740.3	
	Mutual fund units					24,104.7	
	Shares in non-trading property companies					1,972.6	
	Other (including lent securities and repos)					0.8	
	Total					**58,122.3**	
Derivative instruments	Derivative instruments (positive fair value)					2,234.4	
	Derivative instruments (negative fair value)					(1,268.3)	
	Total					**966.1**	
Available-for-sale financial assets	Fixed-rate bonds	139,473.9	1,281.7	(216.9)	1,883.9	142,422.6	
	Variable-rate bonds	9,017.0	511.6	0.0	(711.9)	8,816.7	
	TCNs (money market securities)	3,832.2	(6.1)	9.0	13.7	3,848.8	
	Equities	15,917.0		(4,364.7)	1,096.0	12,648.2	
	Mutual fund units	12,026.9		(353.3)	(643.5)	11,030.1	
	Shares in non-trading property companies	2,035.7		(54.8)	1,483.6	3,464.5	
	Non-voting loan stock	59.1		(0.5)	4.3	62.9	
	Other (including lent securities and repos)	5,802.0	(22.9)	(529.4)	362.9	5,612.6	
	Total	**188,163.8**	**1,764.3**	**(5,510.6)**	**3,488.9**	**187,906.4**	
Held-to-maturity investments	Fixed-rate bonds	989.4		(30.6)		958.8	(55.0)
	Total	**989.4**		**(30.6)**		**958.8**	**(55.0)**
Loans and receivables	Loans and receivables	2,230.0		0.0		2,230.0	2.9
	Total	**2,230.0**		**0.0**		**2,230.0**	**2.9**
Investment property	Investment property at amortised cost	1,482.1	(431.4)	(15.5)		1,035.2	1,311.5
	Investment property at fair value	520.6				520.6	
	Total	**2,002.7**	**(431.4)**	**(15.5)**		**1,555.8**	**1,311.5**
TOTAL				**(5,556.7)**	**3,488.9**	**251,739.4**	**1,259.4**

9.1.3 Investments at 31 December 2007

In € millions		31/12/2007					
		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit	Fixed-rate bonds					16,048.2	
	Variable-rate bonds					13,003.2	
	TCNs (money market securities)					1,359.6	
	EQUITIES					12,107.7	
	Mutual fund units					30,322.0	
	Shares in non-trading property companies					2,140.0	
	Other (including lent securities and repos)					0.3	
	Total					**74,981.0**	
Derivative instruments	Derivative instruments (positive fair value)					1,972.7	
	Derivative instruments (negative fair value)					(1,456.1)	
	Total					**516.6**	
Available-for-sale financial assets	Fixed-rate bonds	131,825.1	900.7		(1,172.7)	131,553.1	
	Variable-rate bonds	8,087.8	390.9		(105.2)	8,373.5	
	TCNs (money market securities)	4,744.4	(6.9)		(9.5)	4,728.0	
	Equities	14,520.0		(2,414.8)	9,344.4	21,449.6	
	Mutual fund units	6,274.4		(28.7)	402.0	6,647.7	
	Shares in non-trading property companies	1,758.3		(26.8)	1,187.2	2,918.7	
	Non-voting loan stock	59.0		(0.5)	35.3	93.8	
	Other (including lent securities and repos)	4,896.1	(23.9)	(66.6)	340.8	5,146.4	
	Total	**172,165.1**	**1,260.8**	**(2,537.4)**	**10,022.3**	**180,910.8**	
Held-to-maturity investments	Fixed-rate bonds	1,112.9				1,112.9	21.8
	Total	**1,112.9**		**0.0**		**1,112.9**	**21.8**
Loans and receivables	Loans and receivables	2,088.4				2,088.4	
	Total	**2,088.4**		**0.0**		**2,088.4**	
Investment property	Investment property at amortised cost	1,472.5	(406.0)	(12.9)		1,053.6	1,333.9
	Investment property at fair value	445.7				445.7	
	Total	**1,918.2**	**(406.0)**	**(12.9)**		**1,499.3**	**1,333.9**
TOTAL				**(2,550.3)**	**10,022.3**	**261,109.0**	**1,355.7**

9.1.4 Reconciliation of insurance investments in the balance sheet to investments analysed in Notes 9.1.1, 9.1.2 and 9.1.3

In € millions	31/12/2009	31/12/2008	31/12/2007
Investments analysed in the notes	285,106.4	251,739.4	261,109.0
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(1,970.7)	(1,268.3)	(1,456.1)
Balance sheet – Assets – Insurance investments	287,077.1	253,007.7	262,565.1
Variance	**0.0**	**0.0**	**0.0**

9.2 Measurement of assets recognised at fair value

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

9.2.1 Valuation methods at 31 December 2009

	31/12/2009			
In € millions	Last available quotation of assets quoted in an active market	Estimated market value using valuation model based on observable market inputs	Estimated market value using valuation model not based solely on observable market inputs	Total
Financial assets at fair value through profit[1]	50,615.7	14,649.2	27.7	**65,292.6**
Change in fair value through profit[2]	*111.8*	*(39.5)*	*0.0*	***72.3***
Available-for-sale financial assets	196,644.0	19,663.3	531.9	**216,839.2**
Change in fair value through equity[3]	*864.9*	*(36.7)*	*31.0*	***859.2***
Held-to-maturity investments[4]	1,061.2	156.2	5.5	**1,222.9**
Total financial assets	**248,320.9**	**34,468.7**	**565.1**	**283,354.7**
Financial liabilities at fair value through profit	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	785.5	2.2	0.0	**787.7**
Financial liabilities (unit linked) – financial instruments without DPF	5,108.5	41.1		**5,149.6**
Derivative instruments	0.0	1,970.7	0.0	**1,970.7**
Total financial liabilities	**5,894.0**	**2,014.0**	**0.0**	**7,908.0**

(1) Includes derivative financial instruments (assets).

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

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

9.2.2 Valuation methods at 31 December 2008

In € millions	31/12/2008 Last available quotation of assets quoted in an active market	Estimated market value using valuation model based on observable market inputs	Estimated market value using valuation model not based solely on observable market inputs	Total
Financial assets at fair value through profit[1]	50,046.3	10,091.0	219.3	**60,356.7**
Change in fair value through profit[2]	*(618.8)*	*(553.0)*	*183.0*	***(988.8)***
Available-for-sale financial assets	174,578.9	13,048.3	279.3	**(1,351.7)**
Change in fair value through equity[3]	*(1,351.7)*	*(60.6)*	*(63.5)*	***(1,475.8)***
Held-to-maturity investments[4]	767.7	75.6	5.5	**903.8**
Total financial assets	**225,392.9**	**23,214.9**	**504.1**	**249,166.9**
Financial liabilities at fair value through profit	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding unit-linked)	463.7	1.3	0.0	**465.0**
Financial liabilities (unit linked) – financial instruments without DPF	5,951.0	23.8	0.0	**5,974.8**
Derivative instruments	0.0	1,268.3	0.0	**1,268.3**
Total financial liabilities	**6,414.7**	**1,293.4**	**0.0**	**7,708.1**

(1) Includes derivative financial instruments (assets).

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

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

9.2.3 Reconciliation of movements for the period in financial instruments measured using a valuation model not based solely on observable market inputs

In € millions	31/12/2009									
	Opening carrying amount	Impact of sales of securities measured at FV through profit	Impact of sales of available-for-sale financial assets	Available-for-sale financial asset revaluation reserve	Remeasure-ment at fair value through profit	Acqui-sitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Closing carrying amount
Financial assets at fair value through profit	219.3	203.7	0.0	0.0	0.0	12.1	0.0	0.0	0.0	27.7
Available-for-sale financial assets	279.3	0.0	8.9	59.6	0.0	126.9	0.0	150.4	75.4	531.9
Held-to-maturity investments	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5
Total financial assets	**504.1**	**203.7**	**8.9**	**59.6**	**0.0**	**139.0**	**0.0**	**150.4**	**75.4**	**565.1**
Financial liabilities at fair value through profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities – financial instruments without DPF (excluding unit-linked)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (unit linked) – financial instruments without DPF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivative instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.3 Repurchase agreements

The following table analyses the carrying amount of securities sold under repurchase agreements, by asset category and intended holding period.

In € millions		Carrying amount		
		31/12/2009	31/12/2008	31/12/2007
Available-for-sale financial assets	Fixed-rate bonds	2,908.7	3,124.5	3,560.4
	Equities	0.0	0.0	411.1
	Total	**2,908.7**	**3,124.5**	**3,971.5**

9.4 Lent securities

The following table analyses the carrying amount of lent securities, by asset category and intended holding period.

In € millions		Carrying amount		
		31/12/2009	31/12/2008	31/12/2007
Available-for-sale financial assets	Fixed-rate bonds	65.1	0.0	0.0
	Equities	1,300.1	931.6	156.0
	Total	**1,365.2**	**931.6**	**156.0**

9.5 Movements for the period

9.5.1 2009

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjustments	Provisions for impairment	Reversals of provisions for impairment	Changes in scope of consolidation	Other	Closing carrying amount
Securities held for trading	58,122.3	366,645.8	(368,502.1)	5,068.9	0.0	0.0	(29.9)	1,326.7	62,631.5
Derivative instruments	966.1	72.1	(2.4)	(348.4)	0.0	0.0	2.2	0.8	690.3
Available-for-sale financial assets	187,906.4	98,500.0	(78,055.2)	8,420.5	(579.4)	405.3	860.9	(619.2)	216,839.2
Held-to-maturity investments	958.8	342.8	(227.3)	0.0	(20.4)	0.0	0.0	156.0	1,209.9
Loans and receivables	2,230.0	472.9	(93.7)	0.0	0.0	0.0	0.0	(157.8)	2,451.4
Investment property	1,555.8	30.0	(273.5)	(40.2)	0.0	0.0	0.0	12.0	1,284.1
TOTAL	**251,739.4**	**466,063.5**	**(447,154.2)**	**13,100.8**	**(599.8)**	**405.3**	**833.2**	**718.5**	**285,106.4**

9.5.2 2008

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjustments	Provisions for impairment	Reversals of provisions for impairment	Changes in scope of consolidation	Other	Closing carrying amount
Securities held for trading	74,981.0	142,408.6	(144,611.7)	(11,867.8)	0.0	0.0	(2,062.7)	(725.1)	58,122.3
Derivative instruments	516.6	174.9	(7.9)	303.1	0.0	0.0	0.0	(20.6)	966.1
Available-for-sale financial assets	180,910.8	90,993.2	(74,541.4)	(6,533.4)	(3,326.2)	342.4	45.8	15.1	187,906.4
Held-to-maturity investments	1,112.9	164.7	(181.3)	0.0	(30.6)	0.0	2.6	(109.5)	958.8
Loans and receivables	2,088.4	288.2	(226.1)	0.0	0.0	0.0	28.0	51.4	2,230.0
Investment property	1,499.3	229.9	(177.6)	(4.7)	0.0	0.0	6.9	2.0	1,555.8
TOTAL	**261,109.1**	**234,259.4**	**(219,746.0)**	**(18,102.7)**	**(3,356.8)**	**342.4**	**(1,979.4)**	**(786.7)**	**251,739.4**

9.5.3 2007

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjustments	Provisions for impairment	Reversals of provisions for impairment	Changes in scope of consolidation	Other	Closing carrying amount
Securities held for trading	69,985.2	101,360.4	(97,354.0)	(447.5)	0.0	0.0	550.5	886.5	74,981.0
Derivative instruments	225.8	20.7	(9.9)	278.9	0.0	0.0	2.8	(1.6)	516.6
Available-for-sale financial assets	173,932.8	86,355.7	(75,861.8)	24,710.7	(120.5)	138.2	(28,124.8)	(119.6)	180,910.8
Held-to-maturity investments	894.5	307.4	(118.0)	0.0	0.0	0.0	0.0	28.9	1,112.9
Loans and receivables	2,034.6	328.9	(275.1)	0.0	0.0	0.0	0.0	0.0	2,088.4
Investment property	1,285.6	304.0	(0.9)	1.8	0.0	0.0	(312.4)	221.3	1,499.3
TOTAL	**248,358.5**	**188,677.1**	**(173,619.7)**	**24,543.9**	**(120.5)**	**138.2**	**(27,883.9)**	**1,015.5**	**261,109.0**

9.6 Derivative instruments

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

In € millions	31/12/2009											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	49.8	(221.8)	459.0	(505.0)	80.8	(84.5)	140.4	(134.3)	1,143.9	(992.1)	1,873.8	(1,937.7)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	0.2	0.0	161.9	(12.1)	546.7	(14.5)	50.4	(5.0)	0.2	(0.2)	759.3	(31.8)
Equity	7.3	(0.2)	15.4	(1.1)	5.2	0.0	0.0	0.0	0.0	0.0	27.9	(1.3)
Total	**57.2**	**(221.9)**	**636.3**	**(518.2)**	**632.7**	**(99.0)**	**190.7**	**(139.3)**	**1,144.1**	**(992.3)**	**2,661.0**	**(1,970.7)**

In € millions	31/12/2008											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	45.9	(45.6)	193.9	(194.1)	95.8	(93.2)	29.5	(24.8)	886.3	(848.7)	1,251.5	(1,206.4)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	1.3	(7.6)	181.5	(13.4)	432.7	(5.6)	91.9	0.0	0.0	0.0	707.4	(26.6)
Equity	48.2	(35.3)	216.5	0.0	10.9	0.0	0.0	0.0	0.0	0.0	275.5	(35.3)
Total	**95.5**	**(88.6)**	**591.8**	**(207.5)**	**539.4**	**(98.8)**	**121.4**	**(24.8)**	**886.3**	**(848.7)**	**2,234.4**	**(1,268.3)**

In € millions	31/12/2007											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	74.9	(66.5)	267.6	(242.9)	101.1	(97.1)	23.4	(22.5)	928.5	(975.4)	1,395.5	(1,404.4)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	0.4	0.0	89.4	0.0	454.6	(17.3)	17.7	0.0	0.0	0.0	562.1	(17.3)
Equity	0.6	(18.2)	6.5	(16.2)	8.0	0.0	0.0	0.0	0.0	0.0	15.1	(34.4)
Total	**75.9**	**(84.7)**	**363.5**	**(259.1)**	**563.7**	**(114.4)**	**41.1**	**(22.5)**	**928.5**	**(975.4)**	**1,972.7**	**(1,456.1)**

9.7 Credit risk

9.7.1 Analysis of the bond portfolio at 31 December 2009 by issuer rating

	31/12/2009	
Rating	**Bond portfolio at fair value**	**%**
AAA	78,169.6	37.5%
AA	46,711.7	22.4%
A	64,081.2	30.8%
BBB	11,326.7	5.4%
Non-investment grade*	7,716.3	3.7%
Not rated	347.5	0.2%
TOTAL	**208,353.0**	**100.0%**

* Mostly consists of Brazilian government bonds held by Caixa Seguros and rated below BBB based on an international correlation table.

9.7.2 Analysis of the bond portfolio at 31 December 2008 by issuer rating

	31/12/2008	
Rating	**Bond portfolio at fair value**	**%**
AAA	88,090.8	47.5%
AA	38,551.8	20.8%
A	48,093.2	25.9%
BBB	6,384.7	3.4%
Non-investment grade	4,077.7	2.2%
Not rated	233.6	0.1%
TOTAL	**185,431.9**	**100.0%**

9.7.3 Analysis of the bond portfolio at 31 December 2007 by issuer rating

	31/12/2007	
Rating	**Bond portfolio at fair value**	**%**
AAA	89,406.7	49.7%
AA	50,487.7	28.1%
A	32,031.2	17.8%
BBB	4,416.3	2.5%
Non-investment grade	3,220.5	1.8%
Not rated	198.3	0.1%
TOTAL	**179,760.7**	**100.0%**

9.8 Classification of investments by type of asset and by geographical region

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

9.8.1 Classification by type of asset and by geographical region at 31 December 2009

In € millions		Geographic area of the issuer at 31 December 2009							
		France	**Germany**	**Italy**	**Rest of Europe**	**USA**	**Japan**	**Other**	**Total**
Available-for-sale financial assets	Debt securities	56,287	12,665	14,805	67,408	10,590	238	14,832	**176,823**
	Mutual fund units	12,202	115	32	1,962	0	0	4	**14,315**
	Equities	9,621	2,194	1,040	3,089	3	0	273	**16,220**
	Other	9,441	0	0	40	0	0	0	**9,481**
Held-for-trading	Debt securities	4,675	825	4,715	5,661	4,085	17	7,423	**27,401**
	Mutual fund units	23,521	1	78	3,197	538	0	86	**27,421**
	Equities	2,786	554	227	1,259	894	166	465	**6,352**
	Other	1,458	0	1	0	0	0	0	**1,459**
Held-to-maturity investments	Debt securities	249	10	42	0	0	0	909	**1,210**
Loans and receivables		2,128	0	0	220	0	0	104	**2,452**
Derivative instruments		693	2	0	(12)	3	0	5	**690**
Investment property		1,265	0	0	19	0	0	0	**1,284**
TOTAL		**124,324**	**16,365**	**20,938**	**82,844**	**16,113**	**422**	**24,100**	**285,106**

9.8.2 Classification by type of asset and by geographical region at 31 December 2008

In € millions		Geographic area of the issuer at 31 December 2008							
		France	**Germany**	**Italy**	**Rest of Europe**	**USA**	**Japan**	**Other**	**Total**
Available-for-sale financial assets	Debt securities	53,827	11,954	9,796	57,673	9,466	246	12,127	**155,088**
	Mutual fund units	10,124	15	31	800	0	0	61	**11,030**
	Equities	8,030	1,605	774	1,941	3	0	296	**12,648**
	Other	8,058	237	56	788	0	0	0	**9,140**
Held-for-trading	Debt securities	4,558	1,076	5,074	5,146	4,503	791	5,157	**26,304**
	Mutual fund units	21,983	1	108	1,908	14	0	91	**24,105**
	Equities	2,569	527	210	1,013	1,004	228	190	**5,740**
	Other	1,973	0	0	0	0	0	0	**1,974**
Held-to-maturity investments	Debt securities	247	10	42	179	47	0	434	**959**
Loans and receivables		2,131	0	4	85	1	0	10	**2,230**
Derivative instruments		963	0	0	0	0	0	3	**966**
Investment property		1,544	0	0	12	0	0	0	**1,556**
TOTAL		**116,007**	**15,424**	**16,094**	**69,544**	**15,037**	**1,265**	**18,369**	**251,739**

9.8.3 Classification by type of asset and by geographical region at 31 December 2007

In € millions		Geographic area of the issuer at 31 December 2007							
		France	**Germany**	**Italy**	**Rest of Europe**	**USA**	**Japan**	**Other**	**Total**
Available-for-sale financial assets	Debt securities	49,107	12,141	8,822	52,555	9,749	260	12,020	**144,655**
	Mutual fund units	5,920	30	37	642	0	0	18	**6,648**
	Equities	13,300	2,709	1,501	3,605	14	0	320	**21,450**
	Other	8,139	0	0	19	0	0	1	**8,159**
Held-for-trading	Debt securities	7,087	758	3,088	6,067	6,527	31	6,854	**30,411**
	Mutual fund units	25,356	13	1,172	3,212	38	3	529	**30,322**
	Equities	6,079	1,089	367	1,499	1,710	328	1,036	**12,108**
	Other	2,140	0	0	0	0	0	0	**2,140**
Held-to-maturity investments	Debt securities	243	10	42	209	47	0	562	**1,113**
Loans and receivables		2,088	0	0	0	0	0	0	**2,088**
Derivative instruments		509	1	0	0	0	0	6	**517**
Investment property		1,494	0	0	5	0	0	0	**1,499**
TOTAL		**121,462**	**16,752**	**15,029**	**67,813**	**18,086**	**622**	**21,346**	**261,109**

9.9 Foreign currency transactions

The following tables analyse financial assets and liabilities by currency.

9.9.1 Foreign currency transactions at 31 December 2009

In € millions	**31/12/2009**			
	Assets	*Liabilities*	Currency to be received	Currency to be delivered
USD	2	126	0	344
GBP	5	59	0	92
Yen	0	0	0	0
BRL	7,152	7,152	0	0
Other	24	23	0	0
Total	**7,183**	**7,360**	**0**	**436**

9.9.2 Foreign currency transactions at 31 December 2008

In € millions	**31/12/2008**			
	Assets	*Liabilities*	Currency to be received	Currency to be delivered
USD	86	0	0	127
GBP	61	0	0	86
Yen	0	0	0	0
BRL	4,237	4,237	0	0
Other	22	21	0	0
Total	**4,406**	**4,258**	**0**	**213**

9.9.3 Foreign currency transactions at 31 December 2007

	31/12/2007			
In € millions	*Assets*	*Liabilities*	Currency to be received	Currency to be delivered
USD	59	0	0	149
GBP	54	0	0	98
Yen	0	0	0	16
BRL	4,102	4,102	0	0
Other	23	22	0	0
Total	**4,238**	**4,124**	**0**	**263**

9.10 Commitments given and received

Commitments given

In € millions	31/12/2009	31/12/2008	31/12/2007
Financing commitments	9.2	3.9	5.7
Guarantees	1.5	0.7	27.0
Securities commitments	7,635.6	8,442.2	2,174.2

Under IFRS, forward financial instruments are recognised in the balance sheet.

Commitments received

In € millions	31/12/2009	31/12/2008	31/12/2007
Financing commitments	12.0	59.7	113.7
Guarantees	528.8	528.8	527.4
Securities commitments	3,436.2	5,887.0	5,859.6

Commitments received correspond mainly to securities pledged to the Group by reinsurers, covering the theoretical commitments accepted by reinsurers under existing treaties.

Note 10. Analysis of insurance and financial liabilities

10.1 Analysis of insurance and financial liabilities

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

10.1.1 Analysis of insurance and financial liabilities at 31 December 2009

	31/12/2009		
In € millions	**Before reinsurance**	**Net of reinsurance**	**Reinsurance**
Non-life technical reserves	**5,454.8**	**4,763.1**	**691.7**
- Unearned premium reserves	209.2	195.9	13.3
- Outstanding claims reserves	772.2	670.0	102.3
- Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	76.3	68.7	7.6
- Other technical reserves	4,397.0	3,828.6	568.5
- Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**101,638.6**	**95,696.6**	**5,942.0**
- Unearned premium reserves	98,409.1	92,517.5	5,891.5
- Outstanding claims reserves	1,144.2	1,097.9	46.3
- Policyholder surplus reserve	1,963.6	1,959.5	4.2
- Other technical reserves	121.6	121.6	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**151,676.3**	**151,672.6**	**3.7**
- Unearned premium reserves	149,363.2	149,359.6	3.7
- Outstanding claims reserves	1,752.0	1,752.0	0.0
- Policyholder surplus reserve	561.1	561.1	0.0
- Other technical reserves	0.0	0.0	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**5,937.3**	**5,695.3**	**242.1**
Derivative financial instruments embedded in financial instruments with or without DPF	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**6,889.8**	**6,889.8**	**0.0**
Total insurance and financial liabilities	**271,596.8**	**264,717.3**	**6,879.4**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.1.2 Analysis of insurance and financial liabilities at 31 December 2008

In € millions	31/12/2008 Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**5,227.0**	**4,551.5**	**675.6**
- Unearned premium reserves	184.4	168.1	16.3
- Outstanding claims reserves	750.4	677.4	73.0
- Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	56.5	53.6	3.0
- Other technical reserves	4,235.7	3,652.4	583.3
- Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**81,069.3**	**75,650.3**	**5,419.1**
- Unearned premium reserves	79,590.2	74,215.6	5,374.6
- Outstanding claims reserves	1,160.7	1,120.4	40.3
- Policyholder surplus reserve	208.6	204.4	4.2
- Other technical reserves	109.8	109.8	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**148,776.8**	**148,776.4**	**0.3**
- Unearned premium reserves	145,111.0	145,110.7	0.3
- Outstanding claims reserves	1,727.1	1,727.1	0.0
- Policyholder surplus reserve	1,938.5	1,938.5	0.0
- Other technical reserves	0.1	0.1	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**6,439.8**	**6,229.5**	**210.4**
Derivative financial instruments embedded in financial instruments with or without DPF	**0.0**	**0.0**	**0.0**
Deferred participation reserve (*)	**356.7**	**356.7**	**0.0**
Total insurance and financial liabilities	**241,869.7**	**235,564.4**	**6,305.3**
Deferred participation asset (*)	**(1,175.3)**	**(1,175.3)**	**0.0**

* a net deferred participation asset was booked in the balance sheet in 2008 to reflect the unrealised losses recognised over the period in line with shadow accounting principles. The recoverability test (described in Note 3.12.1) conducted on 31 December 2008 has demonstrated the Group's capacity to recover this amount over time from future or unrealised participations.

10.1.3 Analysis of insurance and financial liabilities at 31 December 2007

In € millions	31/12/2007 Before reinsurance	31/12/2007 Net of reinsurance	31/12/2007 Reinsurance
Non-life technical reserves	**5,307.2**	**4,673.2**	**634.0**
- Unearned premium reserves	168.3	161.4	6.9
- Outstanding claims reserves	678.5	608.7	69.8
- Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	33.6	32.7	0.9
- Other technical reserves	4,426.3	3,869.9	556.4
- Liability adequacy test reserves	0.5	0.5	0.0
Life technical reserves	**76,346.0**	**71,172.8**	**5,173.2**
- Unearned premium reserves	74,972.4	69,845.7	5,126.7
- Outstanding claims reserves	1,054.0	1,006.7	47.3
- Policyholder surplus reserve	289.0	289.8	(0.8)
- Other technical reserves	30.6	30.6	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**145,984.0**	**145,979.3**	**4.7**
- Unearned premium reserves	141,862.6	141,857.9	4.7
- Outstanding claims reserves	1,736.7	1,736.7	0.0
- Policyholder surplus reserve	2,384.7	2,384.7	0.0
- Other technical reserves	0.0	0.0	0.0
- Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**7,881.2**	**7,553.8**	**327.4**
Derivative financial instruments embedded in financial instruments with or without DPF	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**8,675.0**	**8,675.0**	**0.0**
Total insurance and financial liabilities	**244,193.4**	**238,054.1**	**6,139.3**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.2 Change in technical reserves

This note presents changes in technical reserves by category, such as those arising from changes in the assumptions applied to measure insurance liabilities. Each change with a material impact on the consolidated financial statements is shown separately. Movements are presented before and after reinsurance.

10.2.1 Changes in mathematical reserves – life insurance

10.2.1.1 Changes in mathematical reserves – life insurance – 2009

In € millions	31/12/2009 *Before reinsurance*	*Net of reinsurance*	*Reinsurance*
Mathematical reserves at the beginning of the period	**224,701.2**	**219,326.3**	**5,374.9**
Premiums	28,849.2	28,299.5	549.6
Extinguished liabilities (benefit payments)	(17,490.5)	(17,265.4)	(225.1)
Locked-in gains	8,431.1	8,149.6	281.5
Change in value of unit-linked portfolios	3,317.6	3,317.6	0.0
Changes in scope (acquisitions/divestments)	(84.9)	(84.9)	0.0
Asset loading	(1,116.0)	(1,116.0)	0.0
Surpluses/deficits	(5.0)	(5.0)	0.0
Currency effect	699.7	699.7	0.0
Changes in assumptions	(10.5)	(20.4)	9.9
Consolidation of Barclays Vida y Pensiones	956.0	956.0	0.0
Non-current liabilities associated with held for sale and discontinued operations	(238.2)	0.0	(0.1)
Other	(236.9)	(141.3)	(95.6)
Mathematical reserves at the end of the period	**247,772.8**	**242,115.7**	**5,895.2**

10.2.1.2 Changes in mathematical reserves – life insurance – 2008

In € millions	31/12/2008 *Before reinsurance*	*Net of reinsurance*	*Reinsurance*
Mathematical reserves at the beginning of the period	**216,835.0**	**211,703.6**	**5,131.4**
Premiums	24,530.7	24,049.3	481.4
Extinguished liabilities (benefit payments)	(17,456.2)	(17,238.7)	(217.5)
Locked-in gains	7,213.5	7,109.3	104.2
Change in value of unit-linked portfolios	(5,591.2)	(5,591.2)	0.0
Changes in scope (acquisitions/divestments)	(20.2)	(20.0)	(0.2)
Asset loading	(1,016.7)	(1,016.7)	0.0
Surpluses/deficits	0.0	0.0	0.0
Currency effect	(435.0)	(435.0)	0.0
Changes in assumptions	0.2	0.2	0.0
Consolidation of Marfin Insurance Holdings Ltd	467.1	467.1	0.0
Other	174.0	298.4	(124.4)
Mathematical reserves at the end of the period	**224,701.2**	**219,326.3**	**5,374.9**

10.2.1.3 Changes in mathematical reserves – life insurance – 2007

In € millions	31/12/2007		
	Before reinsurance	***Net of reinsurance***	***Reinsurance***
Mathematical reserves at the beginning of the period	**197,754.7**	**192,983.5**	**4,771.2**
Premiums	27,904.6	27,506.4	398.2
Extinguished liabilities (benefit payments)	(17,347.8)	(17,172.7)	(175.1)
Locked-in gains	7,375.0	7,172.4	202.6
Change in value of unit-linked portfolios	272.7	272.7	0.0
Changes in scope (acquisitions/divestments)	(79.0)	(79.0)	0.0
Asset loading	(446.3)	(446.3)	0.0
Surpluses/deficits	0.0	0.0	0.0
Currency effect	116.4	116.4	0.0
Changes in assumptions	(2.2)	(2.2)	0.0
Consolidation of CNP Vida	1,477.9	1,477.9	0.0
Other	(191.0)	(125.5)	(65.5)
Mathematical reserves at the end of the period	**216,835.0**	**211,703.6**	**5,131.4**

10.2.2 Changes in technical reserves – non-life insurance

10.2.2.1 Changes in technical reserves – non-life insurance – 2009

In € millions	31/12/2009		
	Before reinsurance	***Net of reinsurance***	***Reinsurance***
Outstanding claims reserves at the beginning of the period	**750.4**	**677.4**	**73.0**
Claims expenses for the period	868.5	716.9	151.7
Prior period surpluses/deficits	64.6	26.7	37.9
Total claims expenses	**933.1**	**743.5**	**189.6**
Current period claims settled during the period	(283.5)	(204.8)	(78.7)
Prior period claims settled during the period	(525.8)	(450.8)	(75.0)
Total paid claims	**(809.3)**	**(655.6)**	**(153.6)**
Changes in scope of consolidation and changes of method	5.1	2.8	2.3
Translation adjustments	34.4	34.4	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with held for sale and discontinued operations	(141.5)	(132.6)	(8.9)
Outstanding claims reserves at the end of the period	**772.2**	**669.9**	**102.3**

10.2.2.2 Changes in technical reserves – non-life insurance – 2008

In € millions	31/12/2008 *Before reinsurance*	*Net of reinsurance*	*Reinsurance*
Outstanding claims reserves at the beginning of the period	**678.5**	**608.7**	**69.8**
Claims expenses for the period	1,416.1	1,275.3	140.8
Prior period surpluses/deficits	(3.3)	(1.0)	(2.3)
Total claims expenses	**1,412.8**	**1,274.3**	**138.5**
Current period claims settled during the period	(1,322.5)	(1,172.6)	(149.9)
Prior period claims settled during the period	(37.4)	(34.9)	(2.5)
Total paid claims	**(1,359.9)**	**(1,207.5)**	**(152.4)**
Changes in scope of consolidation and changes of method	0.0	0.0	0.0
Translation adjustments	(22.9)	(22.9)	0.0
Newly-consolidated companies: Marfin Insurance Holdings Ltd	42.0	24.9	17.1
Outstanding claims reserves at the end of the period	**750.4**	**677.5**	**73.0**

10.2.2.3 Changes in technical reserves – non-life insurance – 2007

In € millions	31/12/2007 *Before reinsurance*	*Net of reinsurance*	*Reinsurance*
Outstanding claims reserves at the beginning of the period	**439.2**	**391.3**	**47.9**
Claims expenses for the period	1,257.9	977.9	280.0
Prior period surpluses/deficits	(14.8)	(12.8)	(2.0)
Total claims expenses	**1,243.1**	**965.1**	**278.0**
Current period claims settled during the period	(703.0)	(450.3)	(252.7)
Prior period claims settled during the period	(303.4)	(300.0)	(3.4)
Total paid claims	**(1,006.4)**	**(750.3)**	**(256.1)**
Changes in scope of consolidation and changes of method	0.0	0.0	0.0
Translation adjustments	2.6	2.6	0.0
Newly-consolidated companies	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**678.5**	**608.7**	**69.8**

10.2.3 Changes in mathematical reserves – financial instruments with DPF

In € millions	31/12/2009 *Before reinsurance*	*Net of reinsurance*	*Reinsurance*
Mathematical reserves at the beginning of the period	**6,439.9**	**6,229.5**	**210.4**
Premiums	888.6	888.6	0.0
Extinguished liabilities (benefit payments)	(2,526.1)	(2,526.1)	0.0
Locked-in gains	65.7	65.7	0.0
Change in value of unit-linked portfolios	595.8	595.8	0.0
Changes in scope (acquisitions/divestments)	21.2	21.2	0.0
Currency effect	153.5	153.5	0.0
Newly-consolidated companies: Barclays Vida y Pensiones	261.1	229.4	31.7
Non-current liabilities associated with held for sale and discontinued operations	(17.3)	(17.3)	0.0
Other	54.9	54.9	0.0
Mathematical reserves at the end of the period	**5,937.3**	**5,695.2**	**242.1**

In € millions	31/12/2008		
	Before reinsurance	*Net of reinsurance*	*Reinsurance*
Mathematical reserves at the beginning of the period	**7,881.2**	**7,553.8**	**327.4**
Premiums	795.0	768.8	26.2
Extinguished liabilities (benefit payments)	(961.8)	(935.0)	(26.8)
Locked-in gains	43.9	43.9	0.0
Change in value of unit-linked portfolios	(1,203.5)	(1,087.1)	(116.4)
Changes in scope (acquisitions/divestments)	(13.1)	(13.1)	0.0
Currency effect	(111.8)	(111.8)	0.0
Newly-consolidated companies	0.0	0.0	0.0
Other	10.0	10.0	0.0
Mathematical reserves at the end of the period	**6,439.9**	**6,229.5**	**210.4**

In € millions	31/12/2007		
	Before reinsurance	*Net of reinsurance*	*Reinsurance*
Mathematical reserves at the beginning of the period	**9,389.9**	**8,978.5**	**411.4**
Premiums	647.7	612.7	35.0
Extinguished liabilities (benefit payments)	(2,201.4)	(2,104.2)	(97.2)
Locked-in gains	85.8	85.8	0.0
Change in value of unit-linked portfolios	(1.2)	20.5	(21.7)
Changes in scope (acquisitions/divestments)	10.3	10.3	0.0
Currency effect	34.5	34.5	0.0
Newly-consolidated companies	0.0	0.0	0.0
Other	(84.4)	(84.3)	(0.1)
Mathematical reserves at the end of the period	**7,881.2**	**7,553.8**	**327.4**

10.3 Deferred participation (shadow accounting adjustments)

This note breaks down the sources of deferred participation arising from the use of shadow accounting. The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve, or in assets as a deferred participation asset (see Note 3.12.1). The Group recognised a deferred participation reserve amounting to €6,889.9 euros at 31 December 2009.

	31/12/2009		31/12/2008		31/12/2007	
Deferred participation*	**Amount**	**Average rate**	**Amount**	**Average rate**	**Amount**	**Average rate**
Deferred participation on remeasurement at fair value through profit	(5,441.1)		(5,520.0)	nm	1,368.4	nm
Deferred participation on remeasurement at fair value recognised in equity	9,818.4	(82.8)%	2,829.7	(81.1)%	7,086.2	70.7%
Deferred participation on adjustment of capitalisation reserve						
Deferred participation on adjustment of claims equalisation reserves	243.8	100.0%	208.4	100.0%	177.6	100.0%
Deferred participation on other consolidation adjustments	2,268.7		1,663.1		42.8	
Total	**6,889.8**		**(818.7)**		**8,675.0**	

* Positive and negative balances reflect positive and negative revaluation, respectively.

	31/12/2009	31/12/2008	31/12/2007
Amount at the beginning of the period	(818.7)	8,675.0	12,133.3
Deferred participation on remeasurement at fair value through profit	78.9	(6,888.4)	566.3
Deferred participation on remeasurement at fair value recognised in equity	6,988.7	(4,256.5)	(3,809.7)
Effect of change in recoverability rate	0.0	0.0	0.0
Other movements	640.9	1,651.2	(214.9)
Deferred participation at the end of the period	6,889.8	(818.7)	8,675.0

10.4 Main assumptions

The insurer's commitments differ according to the type of contract, as follows:

Savings contracts: mainly financial commitments

Savings contracts fall into two broad categories:

> Non-unit-linked contracts, where the insurer is committed to paying a minimum guaranteed yield plus a share of the investment yield. The yield guarantee may be for a fixed period (generally eight years) or for the entire duration of the contract. The insurer has an obligation to pay the guaranteed capital when requested to do so by the customer, whatever the prevailing market conditions at the time.

Commitments under savings contracts are managed primarily by matching asset and liability maturities.

> Unit-linked contracts, where the policyholder bears the entire investment risk and the insurer's commitment is limited to any additional guarantees, such as a capital guarantee in the case of death.

Pension products: technical and financial commitments

Commitments associated with annuity-based pension products depend on:

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

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

Personal risk contracts: mainly technical commitments

The risk associated with these contracts is determined primarily by the insured’s age, gender, socio-professional category and job.

The Group implements risk selection and reinsurance policies, as well as monitoring statistical data concerning the policyholder base and related loss ratios.

The components of technical reserves are defined in Article R. 331-3 of the French Insurance Code for life insurance business and R. 331-6 for non-life business.

Measurement of insurance and financial liabilities

Insurance and financial liabilities are measured as follows:

- Insurance contracts are measured using the same policies as under French GAAP (or local GAAP in the case of foreign subsidiaries).
- Financial instruments with DPF are measured in accordance with local GAAP.
- Financial instruments without DPF are measured at fair value.

10.5 Changes in financial liabilities – unit-linked contracts

The following table shows changes in financial liabilities related to unit-linked contracts.

10.5.1 2009

In € *millions*	31/12/2009 Before reinsurance	31/12/2009 Net of reinsurance
Technical reserves at the beginning of the period	27,797.8	27,777.3
(+) Entries (new contracts, transfers between contracts, replacements)	2,803.9	2,803.9
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	3,887.0	3,887.0
(-) Exits (paid benefits and expenses)	(2,465.8)	(2,465.8)
(+/-) Entries/exits related to portfolio transfers	(1,506.2)	(1,506.2)
(-) Loading deducted from assets	(83.9)	(83.9)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0
(+/-) Translation adjustment	652.8	652.8
(+/-) Consolidation of Barclays Vida y Pensiones	237.2	237.2
Other	118.8	118.8
Technical reserves at the end of the period	**31,441.6**	**31,421.1**

10.5.2 2008

In € *millions*	31/12/2008 Before reinsurance	Net of reinsurance
Technical reserves at the beginning of the period	34,141.8	34,141.8
(+) Entries (new contracts, transfers between contracts, replacements)	3,663.9	3,663.9
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	(5,367.6)	(5,367.6)
(-) Exits (paid benefits and expenses)	(2,171.0)	(2,191.5)
(+/-) Entries/exits related to portfolio transfers	(2,230.8)	(2,230.8)
(-) Loading deducted from assets	(89.7)	(89.7)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0
(+/-) Translation adjustment	(396.0)	(396.0)
(+/-) Consolidation of Marfin Insurance Holdings Ltd	361.3	361.3
Other	(114.0)	(114.0)
Technical reserves at the end of the period*	**27,797.8**	**27,777.3**

10.5.3 2007

In € *millions*	31/12/2007 Before reinsurance	Net of reinsurance
Technical reserves at the beginning of the period	29,703.1	29,682.6
(+) Entries (new contracts, transfers between contracts, replacements)	7,033.7	7,033.7
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	578.0	578.0
(-) Exits (paid benefits and expenses)	(2,153.3)	(2,132.8)
(+/-) Entries/exits related to portfolio transfers	(1,582.9)	(1,582.9)
(-) Loading deducted from assets	(42.3)	(42.3)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0
(+/-) Translation adjustment	108.4	108.4
(+/-) Consolidation of CNP Vida	507.3	507.3
Other	(10.2)	(10.2)
Technical reserves at the end of the period*	**34,141.8**	**34,141.8**

* Not including unit-linked financial instruments without DPF, accounted for in accordance with IAS 39. The following table reconciles the amounts shown in the above tables to unit-linked liabilities reported in the balance sheet.

In € millions	*31/12/2009*	*31/12/2008*	*31/12/2007*
Financial liabilities – unit-linked financial instruments – balance sheet	**36,591.3**	**33,772.7**	**41,506.3**
Changes in financial liabilities – unit-linked other than IAS 39	31,441.6	27,797.8	34,141.8
Changes in financial liabilities – unit-linked – IAS 39	5,149.7	5,974.9	7,364.5
Total	**0.0**	**0.0**	**0.0**

10.6 Credit risk on reinsured business

The purpose of this note is to provide an analysis of credit risk related to outward reinsurance contracts by reinsurer, for CNP France and the main subsidiaries in the Group.

a) Excess-of-loss contracts have been placed with reinsurers who are rated between A-and AAA.

b) For quota-share treaties where the asset is not held by CNP, the breakdown of ceded insurance liabilities by reinsurer is as follows.

10.6.1 Credit risk on reinsured business at 31 December 2009

31/12/2009		Ceded technical reserves	
In € millions	Credit rating	Amount	%
First reinsurer	A+	2,811.5	40.9%
Second reinsurer	A+	1,945.3	28.3%
Third reinsurer	AA	975.9	14.2%
Fourth reinsurer	A-	507.4	7.4%
Other reinsurers	-	639.3	9.3%
Total		**6,879.4**	

10.6.2 Credit risk on reinsured business at 31 December 2008

31/12/2008		Ceded technical reserves	
In € millions	Credit rating	Amount	%
First reinsurer	AA-	2,624.8	41.6%
Second reinsurer	A	1,801.1	28.6%
Third reinsurer	AA	905.2	14.4%
Fourth reinsurer	AA-	493.5	7.8%
Other reinsurers	-	480.7	7.6%
Total		**6,305.3**	

10.6.3 Credit risk on reinsured business at 31 December 2007

31/12/2007		Ceded technical reserves	
In € millions	Credit rating	Amount	%
First reinsurer	AA-	2,578.8	42.0%
Second reinsurer	A	1,692.3	27.6%
Third reinsurer	AA	805.9	13.1%
Fourth reinsurer	AA-	454.5	7.4%
Other reinsurers	-	607.8	9.9%
Total		**6,139.3**	

10.7 Subordinated debt

Subordinated debt is measured at amortised cost.

10.7.1 Subordinated debt at 31 December 2009

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*	*Due within 1 year*	*Due in 1 to 5 years*	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value*
					31/12/2009						
Subordinated notes				**1,447.0**	**0.0**	**14.0**	**0.0**	**1,250.0**	**0.0**	**183.0**	**1,335.1**
CNP ASSURANCES	Apr. 2001	5.75% until 2011 then Euribor +157bps from 11/07/2011	€	150.0				150.0			712.5
	May 2001		€	50.0				50.0			0.0
	July 2001		€	50.0				50.0			0.0
	Dec. 2001		€	150.0				150.0			0.0
	Feb. 2002		€	100.0				100.0			0.0
	Apr. 2002		€	250.0				250.0			0.0
CNP ASSURANCES	Apr. 2003	5.25% until 2013 then Euribor +200bps from 11/07/2013	€	300.0				300.0			267.0
CNP ASSURANCES	June 2003	4.7825% until 2013 then Euribor +160bps from 15/11/2016	€	200.0				200.0			178.0
CNP ASSURANCES	Nov. 2004	4.93% until 2016 then Euribor +160bps from 15/11/2016	€	90.0						90.0	82.8
CNP ASSURANCES	Nov. 2004	3-month Euribor +70bps until 2016	€	93.0						93.0	80.1
CNP UNICREDIT VITA	June 2009	6-month Euribor +325bps	€	14.0		14.0					14.7
Perpetual subordinated notes				**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**46.4**
CNP UNICREDIT VITA	Oct. 2003	6-month Euribor +150bps	€	45.0						45.0	46.4
Total				**1,492.0**	**0.0**	**14.0**	**0.0**	**1,250.0**	**0.0**	**228.0**	**1,381.4**

Subordinated notes issued by CNP Assurances with a carrying amount of €403 million matured in May 2009.

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit instead of at amortised cost, the impact would have been €73.9 million at 31 December 2009. The fair values of unit-linked liabilities are presented in Note 10.5. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work underway in connection with IFRS 4, Phase 2, regarding the fair value of these instruments.

10.7.2 Subordinated debt at 31 December 2008

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*	*Due within 1 year*	*Due in 1 to 5 years*	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value*
							31/12/2008				
Subordinated notes				**1,836.0**	**403.0**	**0.0**	**0.0**	**1,250.0**	**0.0**	**183.0**	**1,494.7**
CNP ASSURANCES	May 1999	4.63%	€	403.0	403.0						401.1
CNP ASSURANCES	Apr. 2001	5.75% until 2011 then Euribor +157bps from 11/07/2011	€	150.0				150.0			121.8
	May 2001		€	50.0				50.0			40.6
	July 2001		€	50.0				50.0			40.6
	Dec. 2001		€	150.0				150.0			121.8
	Feb. 2002		€	100.0				100.0			81.2
	Apr. 2002		€	250.0				250.0			203.0
CNP ASSURANCES	Apr. 2003	5.25% until 2013 then Euribor +200bps from 11/07/2013	€	300.0				300.0			227.2
CNP ASSURANCES	June 2003	4.7825% until 2013 then Euribor +160bps from 15/11/2016	€	200.0				200.0			147.4
CNP ASSURANCES	Nov. 2004	4.93% until 2016 then Euribor +160bps from 15/11/2016	€	90.0						90.0	54.8
CNP ASSURANCES	Nov. 2004	3-month Euribor +70bps until 2016	€	93.0						93.0	55.1
Perpetual subordinated notes				**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**34.1**
CNP UNICREDIT VITA	Oct. 2003	6-month Euribor +150bps	€	45.0						45.0	34.1
Total				**1,881.0**	**403.0**	**0.0**	**0.0**	**1,250.0**	**0.0**	**228.0**	**1,528.8**

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit instead of at amortised cost, the impact would have been €224 million at 31 December 2008. The fair values of unit-linked liabilities are presented in Note 10.5. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work underway in connection with IFRS 4, Phase 2, regarding the fair value of these instruments.

10.7.3 Subordinated debt at 31 December 2007

In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amounts*	*Due within 1 year*	*Due in 1 to 5 years*	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value*
				31/12/2007							
Subordinated notes				**1,881.4**	**0.0**	**448.4**	**0.0**	**0.0**	**1,250.0**	**183.0**	**2,078.5**
CNP ASSURANCES	May 1999	4.63%	€	403.0		403.0					400.5
CNP ASSURANCES	Apr. 2001	5.75% until 2011 then Euribor +157bps from 11/07/2011	€	150.0					150.0		152.1
	May 2001		€	50.0					50.0		50.7
	July 2001		€	50.0					50.0		50.7
	Dec. 2001		€	150.0					150.0		152.1
	Feb. 2002		€	100.0					100.0		101.4
	Apr. 2002		€	250.0					250.0		253.5
CNP ASSURANCES	Apr. 2003	5.25% until 2013 then Euribor +200bps from 11/07/2013	€	300.0					300.0		296.7
CNP CAPITALIA VITA	Nov. 2003	6-month Euribor +90bps	€	45.4		45.4					45.0
ECUREUIL VIE	June 2003	4.7825% until 2013 then Euribor +160bps from 15/11/2016	€	200.0					200.0		296.7
ECUREUIL VIE	Nov. 2004	4.93% until 2016 then Euribor +160bps from 15/11/2016	€	90.0						90.0	193.5
ECUREUIL VIE	Nov. 2004	3-month Euribor +70bps until 2016	€	93.0						93.0	85.6
Perpetual subordinated notes				**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**45,1**
CNP UNICREDIT VITA	Oct. 2003	6-month Euribor +150bps	€	45.0						45.0	45.1
Total				**1,926.4**	**0.0**	**448.4**	**0.0**	**0.0**	**1,250.0**	**228.0**	**2,123.6**

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. The fair values of unit-linked liabilities are presented in Note 10.5. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work underway in connection with IFRS 4, Phase 2, regarding the fair value of these instruments.

Note 11. Insurance and reinsurance receivables

11.1 Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 31 December 2009, 2008 and 2007:

In € millions	**31/12/2009**	**31/12/2008**	**31/12/2007**
Earned premiums not yet written	2,406.9	2,830.2	2,717.7
Other insurance receivables	543.6	425.2	666.7
Reinsurance receivables	84.4	83.8	115.4
Total	**3,034.9**	**3,339.2**	**3,499.8**
Doubtful receivables	3.0	3.0	2.5

Analysis by maturity

In € millions		**31/12/2009**	
	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**
Earned premiums not yet written	2,406.9	0.0	0.0
Other insurance receivables	539.2	4.5	0.0
Reinsurance receivables	84.0	0.1	0.3
Total	**3,030.1**	**4.6**	**0.3**

In € millions		**31/12/2008**	
	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**
Earned premiums not yet written	2,830.2	0.0	0.0
Other insurance receivables	420.8	4.5	(0.1)
Reinsurance receivables	83.4	0.1	0.4
Total	**3,334.4**	**4.6**	**0.3**

In € millions		**31/12/2007**	
	Due within 1 year	**Due in 1 to 5 years**	**Due beyond 5 years**
Earned premiums not yet written	2,717.7	0.0	0.0
Other insurance receivables	662.2	4.5	0.0
Reinsurance receivables	115.4	0.0	0.0
Total	**3,495.3**	**4.5**	**0.0**

11.2 Other receivables

In € millions	**31/12/2009**	**31/12/2008**	**31/12/2007**
Employee advances	1.3	0.8	0.8
Accrued payroll and other taxes	462.6	497.3	268.5
Sundry receivables	764.7	1,682.4	699.1
Total	**1,228.6**	**2,180.4**	**968.4**

Note 12. Deferred taxes

This note presents total deferred tax assets and liabilities by type of temporary difference.

Sources of temporary differences – In € millions	31/12/2009 Assets	Liabilities	Net
Goodwill	38.3	(4.0)	34.3
Value of business in force	1.1	(12.3)	(11.2)
Other intangible assets	0.0	0.0	0.0
Investment property		(56.5)	(56.5)
Financial assets	3.2	(2,870.1)	(2,866.9)
Investments in associates	0.0	(2.7)	(2.7)
Reinsurers' share of insurance and financial liabilities	5.0	0.0	5.0
Owner-occupied property	0.0	(1.1)	(1.1)
Other property and equipment	0.0	0.0	0.0
Deferred acquisition costs	0.0	0.0	0.0
Other assets	167.4	0.0	167.4
Capitalisation reserve	0.0	(554.0)	(554.0)
Subordinated debt	0.0	(4.8)	(4.8)
Provisions	58.7	0.0	58.7
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	(1.1)	(1.1)
Deferred participation asset/reserve	2,234.1	(4.4)	2,229.7
Other liabilities	0.0	(1.8)	(1.8)
Credit from tax loss carryforwards	0.0	0.0	0.0
Asset-liability netting	(2,380.1)	2,380.1	0.0
Net deferred tax asset or liability	**127.7**	**(1,132.7)**	**(1,005.0)**

Sources of temporary differences – In € millions	31/12/2008 Assets	Liabilities	Net
Goodwill	42.2	(0.1)	42.1
Value of business in force	0.0	(62.4)	(62.4)
Other intangible assets	0.0	0.0	0.0
Investment property	8.9	(62.5)	(53.6)
Financial assets	1,219.7	(421.8)	797.9
Investments in associates	0.0	0.0	0.0
Reinsurers' share of insurance and financial liabilities	5.2	0.0	5.2
Owner-occupied property and other property and equipment	0.0	(1.2)	(1.2)
Deferred acquisition costs	0.0	0.0	0.0
Other assets	51.5	0.0	51.5
Capitalisation reserve	0.0	(540.4)	(540.4)
Subordinated debt	0.0	(5.4)	(5.4)
Provisions	87.4	0.0	87.4
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	(21.4)	(21.4)
Deferred participation asset/reserve	315.9	(1,080.6)	(764.7)
Other liabilities	0.0	(82.2)	(82.2)
Credit from tax loss carryforwards	0.0	0.0	0.0
Asset-liability netting	(1,657.3)	1,657.3	0.0
Net deferred tax asset or liability	**73.5**	**(620.7)**	**(547.2)**

Sources of temporary differences – In € millions	31/12/2007 Assets	Liabilities	Net
Goodwill	45.2	0.0	45.2
Value of business in force	0.0	(66.5)	(66.5)
Other intangible assets	0.0	0.0	0.0
Investment property	17.8	(65.5)	(47.7)
Financial assets	0.5	(3,931.3)	(3,930.8)
Investments in associates	0.1	0.0	0.1
Reinsurers' share of insurance and financial liabilities	10.9	0.0	10.9
Owner-occupied property and other property and equipment	0.0	(1.2)	(1.2)
Deferred acquisition costs	0.0	0.0	0.0
Other assets	147.5	0.0	147.5
Capitalisation reserve	0.0	(523.5)	(523.5)
Subordinated debt	0.0	(7.1)	(7.1)
Provisions	32.1	0.0	32.1
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	(18.6)	(18.6)
Deferred participation asset/reserve	2,746.0	(0.5)	2,745.5
Other liabilities	0.0	(1.4)	(1.4)
Credit from tax loss carryforwards	0.0	0.0	0.0
Asset-liability netting	(2,973.8)	2,973.8	0.0
Net deferred tax asset or liability	**26.3**	**(1,641.8)**	**(1,615.5)**

Note 13. Provisions

This note analyses provisions for claims and litigation and other provisions.

13.1 Provisions – 2009

In € millions	Provisions for claims and litigation	Other provisions	Total
Carrying amount at 1 January 2009	**237.1**	**92.8**	**330.0**
New provisions set up during the period and increases in existing provisions	30.0	49.1	**79.1**
Amounts utilised during the year*	(220.9)	(11.6)	**(232.5)**
Surplus provisions released during the period	(18.7)	(25.2)	**(43.9)**
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	**0.0**
Translation adjustments	5.1	6.3	**11.4**
Changes in scope of consolidation	0.0	0.0	**0.0**
Reclassifications	0.2	(0.4)	**(0.2)**
Carrying amount at 31 December 2009	**32.8**	**111.0**	**143.8**

* The €214.8 million provision set aside in 2008 to cover the CNP UniCredit Vita plan to assist customers who invested in index-linked contracts based on Lehman Brothers bonds was utilised in full during the year.

13.2 Provisions – 2008

In € millions	Provisions for claims and litigation	Other provisions	Total
Carrying amount at 1 January 2008	**18.9**	**93.6**	**112.5**
New provisions set up during the period and increases in existing provisions*	235.2	71.4	**306.6**
Amounts utilised during the year	(11.5)	(19.4)	**(30.9)**
Surplus provisions released during the period	(1.8)	(48.5)	**(50.3)**
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	**0.0**
Translation adjustments	(3.7)	(5.7)	**(9.4)**
Changes in scope of consolidation	0.0	0.0	**0.0**
Reclassifications	0.0	1.4	**1.4**
Carrying amount at 31 December 2008	**237.1**	**92.8**	**330.0**

* A provision amounting to €214.8 million (€90 million, net of deferred participation and deferred taxation) was set aside to cover the CNP UniCredit Vita plan to assist clients who invested in index-linked contracts based on Lehman Brothers bonds.

13.3 Provisions – 2007

In € millions	Provisions for claims and litigation	Other	Total
Carrying amount at 1 January 2007	**52.0**	**44.1**	**96.1**
New provisions set up during the period and increases in existing provisions	5.3	2.7	8.0
Amounts utilised during the year	(0.1)	(8.5)	(8.6)
Surplus provisions released during the period	0.0	(0.6)	(0.6)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	2.7	0.7	3.4
Changes in scope of consolidation	0.0	16.6	16.6
Reclassifications	(41.0)	38.6	(2.4)
Carrying amount at 31 December 2007	**18.9**	**93.6**	**112.5**

Note 14. Liabilities arising from insurance and reinsurance transactions

14.1 Liabilities arising from insurance and reinsurance transactions

This note discloses details of insurance and reinsurance receivables at 31 December 2009, 2008 and 2007:

In € millions	31/12/2009	31/12/2008	31/12/2007
Cash deposits received from reinsurers	244.9	228.3	340.9
Liabilities arising from insurance transactions	1,679.6	1,466.7	1,371.1
Liabilities arising from reinsurance transactions	377.7	406.9	487.1
Deferred acquisition costs	16.2	0.0	0.0
Total	**2,318.5**	**2,101.9**	**2,199.1**

Analysis by maturity

		31/12/2009	
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	3.1	241.8	0.0
Liabilities arising from insurance transactions	1,679.6	0.0	0.0
Liabilities arising from reinsurance transactions	377.8	0.0	0.0
Deferred acquisition costs	16.2	0.0	0.0
Total	**2,076.7**	**241.8**	**0.0**

		31/12/2008	
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	10.5	217.8	0.0
Liabilities arising from insurance transactions	1,464.3	2.4	0.0
Liabilities arising from reinsurance transactions	406.9	0.0	0.0
Total	**1,881.7**	**220.2**	**0.0**

		31/12/2007	
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	8.6	332.3	0.0
Liabilities arising from insurance transactions	1,371.1	0.0	0.0
Liabilities arising from reinsurance transactions	487.1	0.0	0.0
Total	**1,866.8**	**332.3**	**0.0**

14.2 Other liabilities

In € millions	31/12/2009	31/12/2008	31/12/2007
Employee advances	322.6	292.7	313.0
Accrued payroll and other taxes	461.9	408.9	279.1
Sundry payables	2,510.0	1,802.1	3,276.6
Total	**3,294.6**	**2,503.7**	**3,868.7**

14.3 Employee benefits – IAS 19

14.3.1 Main assumptions

Discount rate

The discount rate is based on the French government bond (OAT) rate.

Plan	Duration (years)	Discount rate France	Discount rate Italy
Retirement benefits	14	3.87%	4.70%
Jubilees	11	3.68%	-
EPI plan	10	3.57%	-
Early retirement plan	< 10	French actuaries' institute yield curve 31/10/2009	-
Other plans (mainly outside France)	10		
Expected future salary increases		3%	3%
Inflation		incl. in salary increases	2%
Expected return on plan assets		4%	3%

Mortality table

The Insee 98 mortality table has been used.

14.3.2 Recognised benefit obligations

- Recognised long-term benefit obligations

In € millions	**31/12/2009** Post-employment plans	**31/12/2008** Post-employment plans	**31/12/2007** Post-employment plans
Projected benefit obligation	95.5	89.6	83.4
Fair value of plan assets	(2.9)	(13.6)	(15.3)
Projected benefit obligation net of plan assets	**92.6**	**76.1**	**68.1**
Unrecognised past service cost	(12.1)	(14.9)	(17.7)
Liability recognised in the balance sheet – defined benefit plans	**80.5**	**61.1**	**50.4**
Liability recognised in the balance sheet – defined contribution plans	32.2	29.7	26.8
Total liability recognised in the balance sheet for pension and other post-employment benefit plans	**112.7**	**90.8**	**77.2**
Other long-term benefit obligations*	18.6	16.0	12.3
o/w length-of-service and jubilee awards	*16.6*	*13.1*	*11.6*
Total liability recognised in the balance sheet for long-term benefit obligations	**131.3**	**106.8**	**89.5**

* Employee benefits include early retirement plans and all defined contribution plans booked by French subsidiaries and other benefit plan obligations carried on the books of foreign subsidiaries.

14.3.3 Analysis of cost of benefit obligations

In € millions	**31/12/2009** Post-employment plans	**31/12/2008** Post-employment plans	**31/12/2007** Post-employment plans
Current service cost (net of employee contributions)	**13.5**	**4.7**	**5.8**
Interest cost	3.6	3.3	2.6
Expected return on plan assets for the period	0.0	(0.5)	(0.5)
Curtailments and settlements	0.0	0.0	1.2
Amortisation of past service cost	2.8	2.8	2.3
Post-employment benefit expense – defined benefit plans	**19.9**	**10.3**	**11.5**
Post-employment benefit expense – defined contribution plans	2.5	2.8	2.6
Total post-employment benefit expense	**22.5**	**13.2**	**14.0**

14.3.4 Reconciliation of the amounts recorded in the balance sheet for defined benefit plans

In € millions	31/12/2009 Post-employment plans	31/12/2008 Post-employment plans	31/12/2007 Post-employment plans
At 1 January (1)	**61.1**	**50.4**	**46.9**
Effect of changes in exchange rates (2)	0.0	0.0	0.0
Post-employment benefit expense (3)	23.5	10.3	11.0
Employer's contributions (4)	(3.2)	(1.7)	(1.3)
Benefits paid (5)	(5.3)	(6.0)	(7.9)
Actuarial gains and losses recognised in the SoRIE (6)	3.8	9.2	2.5
Actuarial gains and losses recognised through profit	0.0	0.1	(4.1)
Changes in scope of consolidation (7)	0.8	(1.2)	3.3
Non-current liabilities associated with assets held for sale and discontinued operations	(0.2)	0.0	0.0
At 31 December (8)	**80.5**	**61.1**	**50.4**

(1): Net plan assets/(liabilities) carried in the balance sheet at 1 January for defined benefit plans.
(2): Translation differences on the recognition of Brazilian pension obligations.
(3): Pension (charges)/revenue arising from defined benefit plans (see point (7) in the previous table).
(4): Management fees paid on plan assets.
(5): Fees paid by the Group (or rebilled to CDC).
(6): Actuarial gains and losses recognised immediately in equity in line with Group accounting policies.
(7): Increase/decrease in interest held in ICDC or other businesses.
(8): (1) + (2) + (3) + (4) + (5) + (6) + (7)

14.3.5 Change in actuarial gains

In € millions	31/12/2009 Post-employment plans	31/12/2008 Post-employment plans	31/12/2007 Post-employment plans
Actuarial gains and losses recognised in equity at the beginning of the period	**11.8**	**2.6**	**0.3**
Actuarial gains and losses on employee benefits recognised in the balance sheet	4.3	9.2	2.4
Actuarial gains and losses recognised in equity at the end of the period	**16.2**	**11.8**	**2.6**

Note 15. Revenue

Revenue comprises:

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

15.1 Earned premiums and revenue from other activities

Business segment and contract type	31/12/2009	31/12/2008	31/12/2007
Insurance contracts	**19,649.3**	**16,546.8**	**19,224.6**
Life	**17,055.6**	**14,020.9**	**16,928.4**
Pure premiums	15,936.2	13,018.2	15,795.4
Loading	1,119.5	1,002.7	1,133.0
Non-life	**2,593.7**	**2,525.9**	**2,296.2**
Pure premiums	1,876.7	1,852.4	1,671.7
Loading	717.0	673.5	624.5
Financial instruments with DPF	**12,873.8**	**11,727.7**	**12,274.8**
Pure premiums	12,712.0	11,565.3	12,058.2
Loading	161.8	162.3	216.6
Earned premiums	**32,523.1**	**28,274.4**	**31,499.4**

Revenue from other activities	31/12/2009	31/12/2008	31/12/2007
Financial instruments without DPF	***89.8***	***84.4***	***70.3***
Loading	89.8	84.4	70.3
On premiums	62.6	47.7	30.1
On net assets	27.2	36.7	40.2
Services (IAS 18)	**76.8**	**69.3**	**62.5**
Other activities	**2.0**	**4.7**	**29.1**
Total	**168.6**	**158.4**	**161.9**

15.2 Reconciliation to reported revenue

In € millions	31/12/2009	31/12/2008	31/12/2007
Earned premiums	32,523.1	28,274.4	31,499.4
Premium loading on financial instruments without DPF (IAS 39)	62.6	47.7	30.1
Total	**32,585.6**	**28,322.2**	**31,529.5**

15.3 Premium income by partnership centre

In € millions	31/12/2009	31/12/2008	31/12/2007
La Banque Postale	10,984.0	11,718.2	12,015.4
Caisses d'Epargne	10,346.6	8,131.5	10,200.1
CNP Trésor	673.4	720.1	862.8
Financial institutions	1,473.5	1,457.5	1,396.3
Companies and local authorities	1,881.1	2,036.2	1,616.0
Mutual insurers	745.4	915.5	855.1
Foreign subsidiaries	6,296.9	3,256.7	4,501.7
Other	184.8	86.5	82.2
Total premium income	**32,585.6**	**28,322.2**	**31,529.5**

15.4 Premium income by business segment

In € millions	31/12/2009	31/12/2008	31/12/2007
Savings	**24,711.2**	**20,618.9**	**24,819.0**
Pensions	**2,875.8**	**2,856.5**	**2,155.5**
Personal risk	1,486.3	1,587.1	1,520.5
Loan insurance	2,643.7	2,563.7	2,399.8
Health insurance	467.0	349.3	288.7
Property & casualty	401.6	346.5	346.1
Sub-total personal risk and other	**4,998.6**	**4,846.5**	**4,555.1**
Other business segments	**0.0**	**0.2**	**0.0**
Total premium income	**32,585.6**	**28,322.2**	**31,529.5**

15.5 Premium income by company

In € millions	31/12/2009	31/12/2008	31/12/2007
CNP Assurances	23,999.6	22,758.1	24,835.5
CNP IAM	2,051.9	2,075.5	1,861.9
Préviposte	216.6	246.8	318.7
ITV	16.9	7.7	6.6
CNP International	0.0	0.1	0.1
La Banque Postale Prévoyance	161.6	147.8	149.8
Global	138.3	143.1	144.2
Global Vida	54.8	38.7	30.4
CNP Seguros de Vida	7.9	6.3	5.2
Caixa Seguros	1,878.6	1,521.5	1,145.6
CNP UniCredit Vita	3,502.0	1,179.9	2,918.6
CNP Vida	264.0	196.7	112.9
Marfin Insurance Holdings Ltd	214.4	0.0	0.0
CNP Europe	0.9	0.0	0.0
Barclays Vida y Pensiones	78.1	0.0	0.0
Total premium income	**32,585.6**	**28,322.2**	**31,529.5**

15.6 Direct and inward reinsurance premiums

In € millions	31/12/2009	31/12/2008	31/12/2007
Insurance premiums	31,761.4	27,454.2	30,867.7
Inward reinsurance premiums	824.2	868.0	661.8
Total premium income	**32,585.6**	**28,322.2**	**31,529.5**

Note 16. Claims and benefit expenses

This note shows assets, liabilities, income and expenses generated by insurance contracts.

In € millions – IFRS 4 and IAS 39 insurance contracts and financial instruments with DPF	31/12/2009	31/12/2008	31/12/2007
Incurred claims	6,988.7	6,630.9	6,411.2
Endowments due	397.5	368.2	347.5
Benefits due	2,010.1	1,736.4	1,328.7
Surrenders	9,545.7	10,312.5	10,581.8
Credited interest and policyholder dividends included in paid benefits	(14.3)	(28.9)	4.2
Benefit and claim handling expenses	93.0	85.4	91.6
Claims and benefits	**19,020.6**	**19,104.5**	**18,765.0**
Change in technical reserves – insurance contracts	11,501.3	2,207.2	10,503.2
Change in technical reserves – financial instruments with DPF	2,177.4	(2,170.1)	(345.5)
Change in other technical reserves	29.1	(256.4)	90.3
Change in technical reserves	**13,707.8**	**(219.3)**	**10,248.0**
Credited interest	1,962.4	1,930.5	1,936.3
Policyholder dividends	7,604.4	270.7	6,219.5
Credited interest and policyholder dividends	**9,566.8**	**2,201.2**	**8,155.8**
Claims and benefits expenses	**42,295.2**	**21,086.4**	**37,168.8**

Note 17. Administrative expenses and business acquisition costs

17.1 Expenses analysed by function

In € millions	31/12/2009	31/12/2008	31/12/2007
Commissions	(2,837.0)	(2,769.4)	(2,745.9)
Expenses analysed by function	(211.3)	(207.7)	(243.2)
Business acquisition costs	**(3,048.3)**	**(2,977.1)**	**(2,989.1)**
Contract administration expenses	**(351.0)**	**(370.4)**	**(349.8)**
Other underwriting income and expenses	69.9	128.9	17.1
Other income and expenses	185.6	(240.2)	(17.7)
Employee profit-sharing	(19.4)	(19.2)	(16.1)
Other recurring operating income and expense, net	**236.1**	**(130.5)**	**(16.7)**
TOTAL	**(3,163.2)**	**(3,478.0)**	**(3,355.6)**

17.2 Expenses analysed by nature

In € millions	31/12/2009	31/12/2008	31/12/2007
Depreciation and amortisation expense and impairment losses	35.2	34.3	28.2
Employee benefits expense	372.7	331.5	314.9
Taxes other than on income	113.5	86.4	98.1
Other	325.6	342.8	335.2
TOTAL	**847.0**	**795.0**	**776.4**

17.3 Administrative expenses, net

In € millions	31/12/2009	31/12/2008	31/12/2007
Contract administration costs, net*			
- excluding foreign subsidiaries	549.6	556.5	550.8
- including foreign subsidiaries and other businesses	796.7	752.2	735.1
Ratio* *Contract administration costs / Technical reserves***			
- excluding foreign subsidiaries and other businesses	0.23%	0.25%	0.25%
- including foreign subsidiaries and other businesses	0.30%	0.31%	0.31%
* Excluding CNP Trésor set-up expenses.	*35.2*	*35.7*	*36.4*

** Insurance and financial liabilities, excluding deferred participation.

17.4 Analysis of commission expense

In € millions	31/12/2009	31/12/2008	31/12/2007
Caisses d'Epargne	751.1	755.6	778.8
La Banque Postale	478.8	494.5	532.9
Other	1,607.1	1,519.3	1,434.2
TOTAL	**2,837.0**	**2,769.4**	**2,745.9**

Note 18. Reinsurance result

In € millions	31/12/2009	31/12/2008	31/12/2007
Ceded premiums	(955.6)	(749.9)	(685.0)
Change in ceded technical reserves	967.7	597.8	670.6
Reinsurance commissions	243.5	205.0	205.0
Investment income	(283.4)	(119.3)	(208.7)
Total	**(27.7)**	**(66.5)**	**(18.1)**

Note 19. Investment income

19.1 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 2009, 2008 and 2007.

In € millions		31/12/2009	31/12/2008	31/12/2007
Available-for-sale financial assets	Interest on debt securities	(237.7)	503.5	278.5
	Interest on loans	7,099.4	6,643.5	6,575.7
	Income from other financial assets	1,284.1	1,136.0	915.8
	Capital gains and losses on disposals	832.7	1,068.6	968.6
	Impairments	(174.2)	(2,983.8)	17.7
	Net income from available-for-sale financial assets	**8,804.4**	**6,367.9**	**8,756.3**
Held-to-maturity investments	Interest on debt securities	(1.5)	1.9	3.4
	Interest on loans	69.0	69.3	68.3
	Other income	5.8	(0.9)	(2.7)
	Impairments	(20.4)	(30.6)	0.0
	Net income from held-to-maturity investments	**52.9**	**39.7**	**69.0**
Loans and receivables	Interest on debt securities	0.0	0.0	0.0
	Interest on loans	0.0	0.0	0.0
	Other income	0.0	0.0	0.0
	Impairments	0.0	0.0	0.0
	Net income from loans and receivables	**0.0**	**0.0**	**0.0**
Financial assets at fair value through profit	Profit (loss) on securities held for trading	6,014.3	(9,552.7)	1,317.8
	Profit (loss) on derivative instruments held for trading and hedging	(459.4)	235.2	213.8
	Capital gains and losses on disposals	161.5	403.6	594.1
	Net income (expense) from financial assets at fair value through profit	**5,716.4**	**(8,913.9)**	**2,125.7**
Investment property	Rent and other revenue	187.6	170.6	188.1
	Fair value adjustments	(42.6)	(8.6)	37.3
	Capital gains and losses on disposals	303.5	18.6	26.1
	Net income from investment property	**448.5**	**180.6**	**251.5**
Other investment expenses		**(346.2)**	**(375.2)**	**(426.0)**
Dilution gain		**0,0**	**0.0**	**121.8**
TOTAL INVESTMENT INCOME (EXPENSE)		**14,111,6**	**(2,700.8)**	**10,898.3**
Interest on subordinated debt at amortised cost		(85.4)	(108.5)	(106.5)
Interest on subordinated debt at fair value		0.0	0.0	0.0
Total finance costs		**(85.4)**	**(108.5)**	**(106.5)**
TOTAL INVESTMENT INCOME (EXPENSE) NET OF FINANCE COSTS		**14,590.6**	**(2,809.3)**	**10,791.8**

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

	31/12/2009	31/12/2008	31/12/2007
Investment income (expense) before finance costs	15,191.8	(2,141.8)	11,495.4
Investment and other financial expenses, excluding finance costs	(515.7)	(559.0)	(597.1)
Finance costs	(85.4)	(108.5)	(106.5)
Total	***14,590.6***	***(2,809.3)***	***10,791.8***

19.2 Fair value adjustments to assets

The following tables show fair value adjustments to assets in 2009, 2008 and 2007.

19.2.1 Fair value adjustments to assets - 2009

In € millions		Investments held at 31/12/2009	Investments held at 31/12/2008	Movements in 2009
Assets at fair value through profit	Fixed-rate bonds	16,810.5	15,503.5	1,307.0
	Variable-rate bonds	10,286.9	10,393.0	(106.1)
	TCNs (money market securities)	303.0	407.5	(104.5)
	Equities	6,336.6	5,740.3	596.3
	Mutual fund units	27,420.5	24,104.7	3,315.8
	Shares in non-trading property companies	1,458.3	1,972.6	(514.3)
	Other (including lent securities and repos)	0.5	0.8	(0.3)
	Total	**62,616.4**	**58,122.3**	**4,494.0**
Derivative instruments	Derivative instruments (positive fair value)	2,661.0	2,234.4	426.6
	Derivative instruments (negative fair value)	(1,970.7)	(1,268.3)	(702.4)
	Total	**690.3**	**966.1**	**(275.8)**
Available-for-sale financial assets	Fixed-rate bonds	162,705.8	142,422.6	20,283.2
	Variable-rate bonds	7,729.0	8,816.7	(1,087.7)
	TCNs (money market securities)	6,388.6	3,848.8	2,539.8
	Equities	16,220.2	12,648.2	3,572.0
	Mutual fund units	14,314.9	11,030.1	3,284.8
	Shares in non-trading property companies	3,783.6	3,464.5	319.1
	Non-voting loan stock	63.9	62.9	1.0
	Other (including lent securities and repos)	5,633.0	5,612.6	20.4
	Total	**216,839.2**	**187,906.4**	**28,932.8**
Held-to-maturity investments	Fixed-rate bonds	1,222.9	903.8	319.1
	Total	**1,222.9**	**903.8**	**319.1**
Loans and receivables	Loans and receivables	2,466.8	2,232.9	233.9
	Total	**2,466.8**	**2,232.9**	**233.9**
Investment property	Investment property at amortised cost	1,769.2	2,346.7	(577.5)
	Investment property at fair value	466.1	520.6	(54.5)
	Total	**2,235.4**	**2,867.3**	**(631.9)**
TOTAL		**286,070.9**	**252,998.8**	**33,072.1**

19.2.2 Fair value adjustments to assets - 2008

In € millions		Investments held at 31/12/2008	Investments held at 31/12/2007	Movements in 2008
Assets at fair value through profit	Fixed-rate bonds	15,503.5	16,048.2	(544.7)
	Variable-rate bonds	10,393.0	13,003.2	(2,610.2)
	TCNs (money market securities)	407.5	1,359.6	(952.1)
	Equities	5,740.3	12,107.7	(6,367.4)
	Mutual fund units	24,104.7	30,322.0	(6,217.3)
	Shares in non-trading property companies	1,972.6	2,140.0	(167.4)
	Other (including lent securities and repos)	0.8	0.3	0.5
	Total	**58,122.3**	**74,981.0**	**(16,858.6)**
Derivative instruments	Derivative instruments (positive fair value)	2,234.4	1,972.7	261.7
	Derivative instruments (negative fair value)	(1,268.3)	(1,456.1)	187.8
	Total	**966.1**	**516.6**	**449.5**
Available-for-sale financial assets	Fixed-rate bonds	142,422.6	131,553.1	10,869.5
	Variable-rate bonds	8,816.7	8,373.5	443.2
	TCNs (money market securities)	3,848.8	4,728.0	(879.2)
	Equities	12,648.2	21,449.6	(8,801.4)
	Mutual fund units	11,030.1	6,647.7	4,382.4
	Shares in non-trading property companies	3,464.5	2,918.7	545.7
	Non-voting loan stock	62.9	93.8	(30.9)
	Other (including lent securities and repos)	5,612.6	5,146.4	466.2
	Total	**187,906.4**	**180,910.8**	**6,995.4**
Held-to-maturity investments	Fixed-rate bonds	903.8	1,134.7	(230.9)
	Total	**903.8**	**1,134.7**	**(230.9)**
Loans and receivables	Loans and receivables	2,232.9	2,088.4	144.5
	Total	**2,232.9**	**2,088.4**	**144.5**
Investment property	Investment property at amortised cost	2,346.7	2,387.5	(40.8)
	Investment property at fair value	520.6	445.7	74.9
	Total	**2,867.3**	**2,833.2**	**34.1**
TOTAL		**252,998.8**	**262,464.7**	**(9,465.9)**

19.2.3 Fair value adjustments to assets - 2007

In € millions		Investments held at 31/12/2007	Investments held at 31/12/2006	Movements in 2007
Assets at fair value through profit	Fixed-rate bonds	16,048.2	12,667.4	3,380.8
	Variable-rate bonds	13,003.2	3,488.5	9,514.7
	TCNs (money market securities)	1,359.6	13,446.7	(12,087.1)
	Equities	12,107.7	8,857.4	3,250.3
	Mutual fund units	30,322.0	29,744.3	577.7
	Shares in non-trading property companies	2,140.0	1,753.4	386.6
	Other (including lent securities and repos)	0.3	27.5	(27.2)
	Total	**74,981.0**	**69,985.2**	**4,995.8**
Derivative instruments	Derivative instruments (positive fair value)	1,972.7	1,636.4	336.3
	Derivative instruments (negative fair value)	(1,456.1)	(1,410.6)	(45.5)
	Total	**516.6**	**225.8**	**290.8**
Available-for-sale financial assets	Fixed-rate bonds	131,553.1	122,403.5	9,149.6
	Variable-rate bonds	8,373.5	8,463.3	(89.8)
	TCNs (money market securities)	4,728.0	4,545.7	182.3
	Equities	21,449.6	20,515.4	934.2
	Mutual fund units	6,647.7	8,476.9	(1,829.2)
	Shares in non-trading property companies	2,918.7	2,389.8	528.9
	Non-voting loan stock	93.8	88.4	5.4
	Other (including lent securities and repos)	5,146.4	7,049.9	(1,903.5)
	Total	**180,910.8**	**173,932.9**	**6,977.9**
Held-to-maturity investments	Fixed-rate bonds	1,134.7	916.3	218.4
	Total	**1,134.7**	**916.3**	**218.4**
Loans and receivables	Loans and receivables	2,088.4	2,034.6	53.7
	Total	**2,088.4**	**2,034.6**	**53.7**
Investment property	Investment property at amortised cost	2,387.5	1,682.2	705.4
	Investment property at fair value	445.7	394.7	50.9
	Total	**2,833.2**	**2,076.9**	**756.3**
TOTAL		**262,464.7**	**249,171.6**	**13,293.1**

19.2.4 Reconciliation of fair value adjustments to the amounts reported in the "Investments" note

	31/12/2009	31/12/2008	31/12/2007
Fair value of investments	286,070.9	252,998.8	262,464.7
Unrealised gains and losses, net	(964.5)	(1,259.4)	(1,355.7)
Carrying amount of investments	285,106.4	251,739.4	261,109.0

19.3 Impairment

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

In € millions	31/12/2009	31/12/2008	31/12/2007
Available-for-sale financial assets	**(579.4)**	**(3,326.2)**	**(120.5)**
Fixed-rate bonds	(12.7)	(216.9)	0.0
Variable-rate bonds	0.0	0.0	0.0
TCNs (money market securities)	0.0	0.0	0.0
Equities	(293.4)	(2,093.3)	(87.4)
Equity funds	(42.5)	(286.3)	0.0
Non-voting loan stock	(0.2)	0.0	0.0
Other (including mutual fund units)	(230.6)	(729.7)	(33.1)
Held-to-maturity investments	**(20.4)**	**(30.6)**	**0.0**
Loans and receivables	**0.0**	**0.0**	**0.0**
Total impairment expense	**(599.8)**	**(3,356.8)**	**(120.5)**
Available-for-sale financial assets	**405.3**	**342.4**	**138.2**
Fixed-rate bonds	13.7	0.0	0.0
Variable-rate bonds	0.0	0.0	0.0
TCNs (money market securities)	0.0	0.0	0.0
Equities	369.0	143.0	126.6
Equity funds	2.8	2.4	0.3
Non-voting loan stock	0.0	0.0	0.0
Other (including mutual fund units)	19.8	197.1	11.3
Held-to-maturity investments	**0.0**	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**	**0.0**
Total impairment reversals	**405.3**	**342.4**	**138.2**
Net change in impairment provisions	**(194.5)**	**(3,014.4)**	**17.7**

Note 20. Income tax expense

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

In € millions	31/12/2009	31/12/2008	31/12/2007
Current tax	427.3	443.7	544.4
Deferred tax	16.9	(255.8)	3.4
Income tax expense	**444.2**	**187.9**	**547.8**

In € millions	31/12/2009	31/12/2008	31/12/2007
Profit for the period	1,122.3	814.4	1,379.0
Tax rate	28.36%	18.75%	28.43%
Income tax expense	**444.2**	**187.9**	**547.8**

	31/12/2009		31/12/2008		31/12/2007	
Tax proof – In € millions	**Rate**	**Amount**	**Rate**	**Amount**	**Rate**	**Amount**
Profit before tax		1,566.5		1,002.3		1,926.8
Income tax at the standard French tax rate	34.43%	539.4	34.43%	345.1	34.43%	663.4
Permanent differences	-14.50%	(227.2)	-7.27%	(72.9)	-1.45%	(27.9)
Capital gains and losses taxed at reduced rate	11.18%	175.1	-13.09%	(131.2)	-3.57%	(68.8)
Tax credits and tax loss carryforwards used	-1.62%	(25.4)	1.48%	14.8	-1.72%	(33.1)
Effects of differences in foreign tax rates	-1.13%	(17.7)	-3.84%	(38.5)	0.00%	0.0
Other		0.0	7.03%	70.5	0.74%	14.3
Total	**28.36%**	**444.2**	**18.74%**	**187.8**	**28.43%**	**547.8**

Deferred taxes on:	31/12/2009	31/12/2008	31/12/2007
Fair value adjustments to financial assets held for trading	548.8	(1,900.7)	(117.7)
Deferred participation asset/reserve	(435.5)	1,531.4	71.7
Fair value adjustments to other financial assets	29.2	10.5	43.6
Shadow accounting adjustments to items recognised directly in equity	0.0	0.0	0.0
Revaluations of owner-occupied property reclassified as investment property	0.0	0.0	0.0
Timing differences	0.0	0.0	0.0
Other	(125.6)	103.0	5.9
Total	**16.9**	**(255.8)**	**3.5**

Note 21. Interest rate risk on financial assets

This note provides additional information about the Group's exposure to interest rate risk on financial assets and liabilities, by category.

21.1 Caps and floors

The following tables show the nominal amount of caps and floors by strike price and remaining term at 31 December 2009, 2008 and 2007.

21.1.1 Caps and Floors at 31 December 2009

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	Total
>= 4% <5%	330	550	2,405	5,160	2,649	1,408	1,310	295	2,330	5,138	**21,575**
>= 5% <6%	1,130	1,895	1,415	260	280	975	1,520	2,211	1,650	1,180	**12,516**
>= 6% <7%	100	810	1,115	400	0	0	0	0	0	0	**2,425**
>= 7% <8%	656	0	0	0	(70)	(300)	(255)	(235)	(335)	(900)	**(1,439)**
>= 8% <9%	0	0	0	0	0	0	0	0	0	5	**5**
>= 9% <10%	0	0	0	0	0	0	0	0	0	0	**0**
Total	**2,216**	**3,255**	**4,935**	**5,820**	**2,859**	**2,083**	**2,575**	**2,271**	**3,645**	**5,423**	**35,082**

21.1.2 Caps and Floors at 31 December 2008

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	Total
>= 4% <5%	80	330	550	2,405	5,065	2,485	1,290	1,110	190	3,719	**17,224**
>= 5% <6%	1,317	1,130	1,895	1,400	245	100	575	1,250	1,926	2,235	**12,073**
>= 6% <7%	680	100	810	1,115	400	0	2	5	0	0	**3,112**
>= 7% <8%	76	656	0	0	0	0	0	0	0	0	**732**
>= 8% <9%	0	0	0	0	0	0	0	0	0	0	**0**
>= 9% <10%	0	0	0	0	0	0	0	0	0	0	**0**
Total	**2,153**	**2,216**	**3,255**	**4,920**	**5,710**	**2,585**	**1,867**	**2,365**	**2,116**	**5,954**	**33,142**

21.1.3 Caps and Floors at 31 December 2007

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	Total
>= 4% <5%	0	80	330	550	2,405	5,065	2,285	1,060	750	5	**12,530**
>= 5% <6%	2,720	1,417	1,130	1,895	1,400	2,345	2,100	550	640	1,036	**15,233**
>= 6% <7%	495	1,930	100	810	1,115	400	0	0	0	0	**4,850**
>= 7% <8%	0	76	656	0	0	0	0	0	0	0	**732**
>= 8% <9%	0	0	0	0	0	0	0	0	0	0	**0**
>= 9% <10%	0	0	0	0	0	0	0	0	0	0	**0**
Total	**3,215**	**3,503**	**2,216**	**3,255**	**4,920**	**7,810**	**4,385**	**1,610**	**1,390**	**1,041**	**33,345**

21.2 Effective Interest rates

This note shows effective interest rates on fixed-rate bonds and zero coupon bonds at the balance sheet date and the purchase date.

Effective interest rates are presented for the Group's main insurance subsidiaries:

- France
- Italy – CNP UniCredit Vita
- Brazil – Caixa
- Spain – CNP Vida

21.2.1 Effective interest rates at purchase

31/12/2009

	France	Italy	Brazil	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**
Fixed rate bonds	4.52%	3.89%	10.74%	4.72%

31/12/2008

	France	Italy	Brazil	Portugal	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**	**Euro**
Fixed rate bonds	4.63%	4.38%	12.64%	4.59%	5.31%

31/12/2007

	France	Italy	Brazil	Portugal	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**	**Euro**
Fixed rate bonds	4.65%	3.96%	12.53%	4.40%	5.20%

21.2.2 Effective interest rate at balance sheet date

31/12/2009

	France	Italy	Brazil	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**
Fixed rate bonds	3.23%	3.50%	10.94%	2.89%

31/12/2008

	France	Italy	Brazil	Portugal	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**	**Euro**
Fixed rate bonds	4.03%	3.83%	12.69%	3.68%	4.92%

31/12/2007

	France	Italy	Brazil	Portugal	Spain
Fixed rate debt securities	**Euro**	**Euro**	**Real**	**Euro**	**Euro**
Fixed rate bonds	4.64%	4.30%	12.25%	4.43%	4.74%

21.3 Carrying amounts by maturity

21.3.1 Carrying amounts by maturity at 31 December 2009

In € millions — 31/12/2009

Type of instrument	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Fixed rate bonds	13,676.3	16,465.7	12,087.8	14,147.6	12,982.9	85,679.9	**155,040.2**
Zero coupon bonds	2,366.5	222.9	633.6	132.5	238.9	4,893.3	**8,487.7**
Adjustable rate bonds	705.3	349.1	163.7	38.8	53.0	1,315.8	**2,625.7**
Variable rate bonds	3,028.2	695.0	439.1	269.9	320.7	701.3	**5,454.2**
Index-linked fixed rate bonds	37.4	399.3	1,020.2	953.8	25.9	7,284.9	**9,721.5**
Other bonds	2,370.6	4,085.9	2,134.5	2,987.2	2,602.5	11,622.9	**25,803.6**
Total	**22,184.3**	**22,217.9**	**16,478.9**	**18,529.8**	**16,223.9**	**111,498.1**	**207,132.9**

21.3.2 Carrying amounts by maturity at 31 December 2008

In € millions — 31/12/2008

Type of instrument	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Fixed rate bonds	12,830.1	10,725.3	13,709.4	10,309.6	12,701.8	72,964.2	**133,240.4**
Zero coupon bonds	2,553.2	398.8	92.6	360.3	132.3	3,736.1	**7,273.3**
Adjustable rate bonds	2,181.2	427.9	129.5	126.3	31.8	1,085.9	**3,982.6**
Variable rate bonds	909.0	305.6	317.4	344.4	133.7	533.9	**2,544.0**
Index-linked fixed rate bonds	990.3	38.8	395.2	985.8	931.6	6,431.4	**9,773.1**
Other bonds	4,806.6	2,586.1	2,405.2	2,138.4	3,050.0	12,716.7	**27,703.0**
Total	**24,270.4**	**14,482.5**	**17,049.3**	**14,264.8**	**16,981.2**	**97,468.2**	**184,516.4**

21.3.3 Carrying amounts by maturity at 31 December 2007

In € millions — 31/12/2007

Type of instrument	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Fixed rate bonds	13,361.1	9,973.1	10,781.0	11,039.5	10,016.3	68,079.7	**123,250.7**
Zero coupon bonds	4,033.6	146.1	184.0	57.0	314.7	3,366.0	**8,101.4**
Adjustable rate bonds	499.5	2,449.0	299.3	68.4	160.8	1,161.1	**4,638.1**
Variable rate bonds	746.9	299.8	239.9	337.9	139.9	664.6	**2,429.0**
Index-linked fixed rate bonds	1.6	1.4	2.2	0.1	0.0	41.2	**46.5**
Other bonds	2,368.8	4,949.0	3,259.3	3,143.0	3,285.3	23,154.8	**40,160.2**
Total	**21,011.5**	**17,818.4**	**14,765.7**	**14,645.9**	**13,917.0**	**96,467.4**	**178,625.9**

21.4 Carrying amounts at maturity – held-to-maturity investments

21.4.1 Carrying amount at 31 December 2009

Carrying amount of financial instruments measured at amortised cost	31/12/2009						
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	161.9	220.8	129.2	134.1	95.8	462.6	1,204.4
Loans and receivables	3.0	0.0	0.0	0.0	0.0	0.0	3.0
Total	**164.9**	**220.8**	**129.2**	**134.1**	**95.8**	**462.6**	**1,207.4**

21.4.2 Carrying amount at 31 December 2008

Carrying amount of financial instruments measured at amortised cost	31/12/2008						
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	99.4	137.5	198.2	119.1	81.2	319.6	955.0
Loans and receivables	15.4	0.0	0.0	0.0	0.0	0.0	15.4
Total	**114.8**	**137.5**	**198.2**	**119.1**	**81.2**	**319.6**	**970.4**

21.4.3 Carrying amount at 31 December 2007

Carrying amount of financial instruments measured at amortised cost	31/12/2007						
	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	132.0	101.6	149.4	206.2	132.0	391.7	1,112.9
Total	**132.0**	**101.6**	**149.4**	**206.2**	**132.0**	**391.7**	**1,112.9**

21.5 Average life of securities

The following tables show the average remaining life of securities, weighted by carrying amount, in years.

21.5.1 Average remaining life of securities – 31 December 2009

France	Italy	Brazil	Spain
6.5	3.8	2.9	5.3

21.5.2 Average remaining life of securities – 31 December 2008

France	Italy	Brazil	Portugal	Spain
6.5	3.6	2.2	5.2	5.3

21.5.3 Average remaining life of securities – 31 December 2007

France	Italy	Brazil	Portugal	Spain
6.5	3.4	2.9	5.4	4.7

Note 22. Interest rate risk on financial liabilities

This note shows the breakdown of technical reserves, by guaranteed yield.

	31/12/2009	
Guaranteed yield	**Technical reserves (in € millions)**	**%**
0%[1]	121,694.0	46.0%
]0%-2%]	8,856.1	3.3%
]2%-3%]	52,096.1	19.7%
]3%-4%]	2,874.0	1.1%
]4%-4,5%]	4,975.8	1.9%
>4.5%[2]	1,782.2	0.7%
Unit-linked	36,591.2	13.8%
Other[3]	35,837.4	13.5%
TOTAL	**264,706.8**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.

(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern Caixa Seguros in Brazil, where bond rates are above 10% (see Note 21.2).

(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to unit-linked contracts, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

	31/12/2008	
Guaranteed yield	**Technical reserves (in € millions)**	**%**
0%[1]	110,717.4	45.8%
]0%-2%]	7,919.9	3.3%
]2%-3%]	49,278.9	20.4%
]3%-4%]	3,891.2	1.6%
]4%-4,5%]	5,568.7	2.3%
>4.5%[2]	1,224.2	0.5%
Unit-linked	33,772.7	14.0%
Other[3]	29,140.0	12.1%
TOTAL	**241,513.0**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.

(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern Caixa Seguros in Brazil, where bond rates are above 10% (see Note 21.2).

(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to unit-linked contracts, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

	31/12/2007	
Guaranteed yield	**Technical reserves (in € millions)**	**%**
0%[1]	98,825.2	42.0%
]0%-2%]	8,477.7	3.6%
]2%-3%]	46,416.1	19.7%
]3%-4%]	4,401.9	1.9%
]4%-4,5%]	5,515.7	2.3%
>4.5%[2]	911.4	0.4%
Unit-linked	41,506.3	17.6%
Other[3]	29,464.0	12.5%
TOTAL	**235,518.3**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.

(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern Caixa Seguros in Brazil, where bond rates are above 10% (see Note 21.2).

(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to unit-linked contracts, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

Note 23. Liquidity risk

23.1 Future cash flows from assets

This note discloses future cash flows from assets (redemptions, interest payments, etc.) by period.

23.1.1 Future cash flows from assets at 31 December 2009

Intended holding period	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Available-for-sale financial assets	20,909	76,667	78,664	44,629
Assets held for trading	3,106	13,837	5,671	1,838
Held-to-maturity investments	179	607	472	136
Loans and receivables	14	-	-	38

23.1.2 Future cash flows from assets at 31 December 2008

Intended holding period	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Available-for-sale financial assets	21,151	70,335	65,343	43,602
Assets held for trading	5,849	12,190	6,225	2,305
Held-to-maturity investments	124	660	194	104
Loans and receivables	16	1	1	2

23.1.3 Future cash flows from assets at 31 December 2007

Intended holding period	< 1 year	1 to 5 years	5 to 10 years	10 to 15 years
Available-for-sale financial assets	20,999	65,387	65,372	41,017
Assets held for trading	3,060	13,927	9,421	3,103
Held-to-maturity investments	161	726	277	103

23.2 Payment projections by maturity

This note discloses estimated future payments on savings, pension and Property & Casualty contracts, including total and partial surrenders.

The total of these projections is higher than the liabilities reported in the balance sheet because the cash flows are capitalised.

23.2.1 Payment projections by maturity at 31 December 2009

	31/12/2009				
In € millions	Within 1 year	In 1 to 5 years	In 5 to 10 years	In 10 to 15 years	Beyond 15 years
Insurance and financial liabilities (incl. unit-linked)	16,481.2	70,623.1	61,239.2	45,392.4	158,919.1

23.2.2 Payment projections by maturity at 31 December 2008

	31/12/2008				
In € millions	**Within 1 year**	**In 1 to 5 years**	**In 5 to 10 years**	**In 10 to 15 years**	**Beyond 15 years**
Insurance and financial liabilities (incl. unit-linked)	13,437.1	69,584.4	57,366.5	46,096.5	137,638.7

23.2.3 Payment projections by maturity at 31 December 2007

	31/12/2007				
In € millions	**Within 1 year**	**In 1 to 5 years**	**In 5 to 10 years**	**In 10 to 15 years**	**Beyond 15 years**
Insurance and financial liabilities (incl. unit-linked)	14,349.0	72,657.1	56,077.0	51,159.5	166,695.3

23.3 Contracts with immediate surrender option

In € millions	**31/12/2009**
Contracts with immediate surrender option	235,526.5
Contracts with no immediate surrender option	30,332.6

Contracts with an immediate surrender option represented a total liability of €235.5 billion at 31 December 2009 (€216 billion at 31 December 2008). This amount, corresponding to insurance and financial liabilities recognised in the balance sheet, relates to products with a clause allowing for their surrender or transfer by the policyholder.
Loan insurance products, group personal risk products, certain annuity products and "Madelin Act" pension products do not include a surrender or transfer option.
The maximum surrender risk indicated above does not take into account the behaviour of policyholders, who tend to significantly extend the effective duration of their contracts, as reflected in Note 23.2 – Payment projections by maturity.

Note 24. Reconciliation of unit-linked assets and liabilities

In € millions	**31/12/2009**	**31/12/2008**	**31/12/2007**
Investment properties held to cover linked liabilities	1,122.1	1,276.8	1,117.1
Financial assets held to cover linked liabilities	35,462.6	32,499.6	40,392.4
Investments in associates held to cover linked liabilities (consolidated mutual funds and non-trading property companies)	0.0	0.0	0.0
Other assets held to cover linked liabilities (e.g., non-financial assets held by consolidated non-trading property companies)	0.0	0.0	0.0
Total assets held to cover linked liabilities – carrying amount	**36,584.7**	**33,776.4**	**41,509.5**
Linked liabilities – financial instruments without DPF	9,455.7	10,678.0	14,200.3
Linked liabilities – insurance contracts and financial instruments with DPF (other than guaranteed capital reserves)	27,135.6	23,094.7	27,306.0
Total linked liabilities	**36,591.3**	**33,772.7**	**41,506.3**
Guaranteed capital reserves	28.2	32.4	10.3
Total linked liabilities	**36,619.5**	**33,805.1**	**41,516.6**

Note 25. Risk management

25.1 Credit risk

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

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

A monthly reporting system has been set up to monitor credit risks by issuer and by type of security, such as equity instruments, subordinated debt and secured debt. A qualitative analysis of credit risks by issuer is performed by in-house credit analysts, mainly based on rating agency reports and investment bank and asset management research.

An internal system has been developed for monitoring issuer and counterparty risk based on a quantitative model used by investment banks.

The primary purpose of this model is to measure the short, medium and long-term risks of loss on the bond portfolios held by Group companies. It covers all the Group's segregated portfolios and can be used by the financial strategists to allocate risk. Simulations can be performed to examine the risk attached to each credit portfolio.

As of 31 December 2009, 90.7% of the Group's bond portfolio was invested in bonds rated A to AAA by the leading rating agencies, including more than 37% rated AAA.

Note 9.7 analyses the Group's bond portfolio by issuer rating.

25.2 Currency risk

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

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

The Group performs currency stress testing for the impact of fluctuations in excess of +10% in the euro/dollar, euro/sterling and euro/Brazilian real exchange rates on profit and equity. The impact on profit and equity of fluctuations in the euro/dollar and euro/sterling exchange rates are due to financial assets held by the Group and denominated in US dollars or sterling, however, exposure to fluctuations in the Brazilian real are due to the full consolidation of the Brazilian subsidiary, Caixa Seguros.

Currency risk sensitivity analysis at 31 December 2009

In € millions	10% increase in €/$ exchange rates	10% increase in €/£ exchange rates	10% increase in €/BRL exchange rates
Impact on earnings	-19.9	-4.1	-13.8
Impact on equity	-16.0	-8.0	-60.4

Currency risk sensitivity analysis at 31 December 2008

In € millions	10% increase in €/$ exchange rates	10% increase in €/£ exchange rates	10% increase in €/BRL exchange rates
Impact on earnings	-20.2	-3.5	-12.1
Impact on equity	-31.7	-6.0	-40.3

25.3 Sensitivity of MCEV to market risks

Sensitivity analyses are performed to efficiently identify and manage earnings and equity volatility. One of the key analyses used by management concerns the sensitivity of Market Consistent Embedded Value (MCEV) to market and insurance risks.

The Group's Embedded Value reporting is now based on CFO Forum MCEV Principles (Market Consistent European Embedded Value Principles developed by a group of finance directors from Europe's top insurance companies set up in 2002), after adjusting for a liquidity premium in the rates used to discount financial liabilities to present value. The Brazilian subsidiary Caixa Seguros has continued to apply the Group's traditional reporting procedure and smaller Group entities use deterministic models.

CNP uses valuation techniques for measuring financial options based on market consistent financial assumptions at 31 December 2009.

The calculation of Embedded Value necessarily relies on numerous assumptions with respect to economic conditions, operating conditions, policyholders' behaviour, taxes and other matters, many of which are beyond the Company's control. Although the assumptions are reasonable, actual future experience may vary from that assumed in the calculation of the Embedded Value results.

MCEV is the sum of:

• adjusted net asset value (ANAV), which corresponds to the market value of assets attributable to shareholders after deducting intangible assets, subordinated debt and other items included in In-force covered business;

• the value of in-force business, comprising the present value of future profits (PVFP) net of taxes generated on In-force business at the measurement date. With the exception of Caixa Seguros, which continues to be valued under the traditional approach, PVFP is calculated using the MCEV© methodology whereby risk premiums are excluded from the yield curves and discount rates used. Reference rates are based on the swap yield curve. In-force business includes the Embedded Value of the financial options and guarantees present in the portfolio of insurance contracts, excluding the time-value of said options and guarantees.

The market risk sensitivity of MCEV is tested to measure the impact of interest rate and equity volatilities. MCEV principles and the Group's traditional value reporting procedure cover CNP Assurances SA, the Group's main subsidiaries in France, the Brazilian subsidiary and the Italian subsidiary. Sensitivity tests are conducted using the following scenarios:

- The impact of an immediate positive or negative 100-basis point change in the yield curve. This would affect inter alia the fair value of policies with a guaranteed yield and risk discount rates.
- The impact of an immediate 10% fall in equity and property prices.

The results of all sensitivity analyses are net of tax and minority interests and, if applicable, net of policyholder participation.

Market risk sensitivity of MCEV to interest rate and equity volatilities at 31 December 2009

In € millions	100bps increase in interest rates	100bps decrease in interest rates	10% decrease in equity prices
Impact on MCEV	54.0	-222.0	-383.0

Scope: consolidated Group (excluding in-force business of CNP Seguros de Vida and Barclays Vida y Pensiones)

Market risk sensitivity of MCEV to interest rate and equity volatilities at 31 December 2008

In € millions	100bps increase in interest rates	100bps decrease in interest rates	10% decrease in equity prices
Impact on MCEV	-101	-54	-354

Scope: France, Italy and Brazil.

Sensitivity to insurance risks are presented in Note 25.5.2.8.

25.4 Asset/liability management

ALM techniques – Renewal and surrender rate assumptions – Effects of changes in surrender rate assumptions:

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

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

Exposure to a fall in interest rates

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

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

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

- Revision of general policy terms to limit the duration and level of yield guarantees.
- Extension and annuitisation at 0% of single premium policies with a guaranteed rate of return.
- Conservative approach to determining technical reserves for annuity products.
- Matching of interest rate commitments with fixed-rate bonds that have an at least equivalent life.

Exposure to an increase in interest rates

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

Liabilities:

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

Assets:

- Floating rate and index-linked bonds represent around 10% of the portfolios.
- Part of the portfolio of fixed rate bonds is hedged using caps.

In the case of a sharp rise in interest rates to above certain trigger points, the hedges acquired by the Group would generate additional revenues corresponding to the difference between the trigger rate and actual long-term interest rates on the financial markets, thereby improving the return on the hedged assets in a period of rising interest rates. The hedging programme is extended each year, to keep pace with growth in assets under management.

25.5 Insurance risk

25.5.1 Contract terms and conditions

25.5.1.1 Types of insured risk by class of business and overview of the business lines

Three classes of business have been identified – savings, pensions and personal risk – in accordance with the differing nature of the Group's commitment.

Savings contracts: mainly financial commitments

Savings contracts fall into two broad categories:

- Non-unit-linked contracts, where the insurer is committed to paying a capital sum plus any guaranteed yield and a share of the investment yield over and above the guaranteed minimum in the case of death or when the contract is surrendered or matures.
- Unit-linked products, where the policyholder bears the financial risk and the insurer's commitment is limited to the additional cover provided, consisting generally of a guaranteed death benefit.

Pension products: technical and financial commitments

Commitments associated with annuity-based pension products depend on:

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

Personal risk contracts, giving rise to a technical commitment

The risk associated with these contracts is determined primarily by the insured's age, gender and socio-professional category.

25.5.1.2 Description of the main policyholder guarantees

Non-unit-linked savings contracts – which give rise to a commitment to pay a capital sum – fall into four broad categories:

- Deferred capital insurance with counter-insurance of premiums, giving rise to the payment of a lump sum or annuities.
- Term life insurance, giving rise to the payment of a capital sum when the contract matures, regardless of whether the insured is still alive or not.
- Endowment insurance, giving rise to the payment of a capital sum to the insured when the contract matures or to a named beneficiary if the insured dies before the maturity date.
- Investment certificates, giving rise to the payment of a capital sum.

These contracts generally pay a minimum yield (credited interest) plus policyholder dividends.

Unit-linked savings contracts do not involve any capital guarantee for the insurer, except for contracts that also include death and/or disability cover. For these latter contracts, the insurer's commitment is limited to any positive difference between cumulative gross or net premiums and the value of the units.

Pension contracts – which give rise to a commitment to pay a life annuity – fall into the following categories:

- Voluntary individual pension accounts ("Article 82" accounts) giving rise to the payment of a life annuity from retirement. Retirement age is decided by the insured and a reversionary pension may be paid to a named beneficiary. The contract includes an option to convert the annuity into a lump sum.
- Compulsory individual pension accounts ("Article 83" accounts) giving rise to the payment of a life annuity. The total annuities paid to the insured are based directly on the insured's salary during the contribution period and a reversionary pension may be paid to a named beneficiary.
- Defined benefit plans ("Article 39" plans) funded by contributions based on total payroll. The contributions are paid into a mutual fund. When each plan participant retires, the total amount of future pension benefits is transferred from the mutual fund to the pension fund. Benefits are paid in the form of annuities.
- Points-based pay-as-you-go group pension plans ("Article L.441-1" plans) giving rise to the payment of annuities corresponding to the number of points earned during the contribution period multiplied by the value of one point. Annuities are adjusted based on changes in the value of a point.
- Immediate and deferred annuity contracts, giving rise to the payment of annuities immediately or at the end of a specified period.

Contracts to fund length-of-service awards payable to employees in France on retirement are also qualified as pension contracts. Under these contracts, the insurer's liability for the payment of benefits is limited to the amount held in the related fund.

Personal risk contracts comprise various types of primary guarantees covering such risks as death, temporary or permanent disability, long-term care, health and unemployment. The main types of contracts are as follows:

- Term life insurance, renewable term insurance, long-term insurance and whole life insurance contracts, which pay a lump sum in the case of death or permanent disability of the insured. Most of them include an accidental death option whereby the death benefit provided for under the primary guarantee is doubled or tripled.
- Contracts paying a temporary or life annuity to dependent children or the spouse on the death of the insured.
- Death/disability contracts providing for the payment of a lump sum in the case of death of the insured or a per diem allowance for temporary disability or a lump sum or annuities for permanent disability. Temporary disability benefits are payable on a monthly basis, in some cases after a waiting period.
- Loan insurance contracts, which cover all or part of an outstanding loan in the case of death of the insured, or monthly repayments – less a specified deductible – during a period of temporary disability or until the insured is recognised as being permanently disabled, or all or part of the monthly repayments in the case of permanent disability, or all or part of the monthly repayments after a waiting period in the case of unemployment. Death cover is compulsory and the loan will not be paid out until evidence of cover is provided.
- Long-term care insurance contracts, providing for the payment of a fixed annuity covering part of the cost of long-

term care. The amount of the annuity depends on the option selected by the insured.

• Supplementary health insurance contracts, which cover all or part of the healthcare costs incurred by the insured, the insured's spouse and dependent children, that are not reimbursed by the social security authorities.

In addition, the Group's subsidiaries in Portugal (Global Nao Vida) and Brazil (Caixa Seguros) write Property & Casualty and liability insurance, including building insurance and auto insurance. The cover provided under these contracts is determined in accordance with local insurance regulations. Commitments under Property & Casualty and liability insurance are marginal in relation to those arising from the personal insurance written by the Group.

25.5.1.3 Participation clauses

Non-unit-linked savings contracts, certain group personal risk contracts and certain pension contracts include participation clauses. Under the terms of these clauses, the parties agree to share – on the basis defined in the contract – part of the income generated by the investment of the funds corresponding to the contract's technical reserves and, in the case of pension and personal risk contracts, part of the underwriting result.

25.5.1.4 Participation policy

Most contracts contain a discretionary participation feature, whereby the participation allocated to the insured is determined by the insurer as part of its marketing policy subject to compliance with the contract terms and the applicable laws. Participation is determined based on investment income for the year and the insurer has full discretion over the volume of capital gains realised during the period. The insured do not have individual rights to the participation until it is allocated to benefits or mathematical reserves. Participation that has been attributed but not yet allocated is accumulated in the policyholders' surplus reserve.

25.5.1.5 Basis for determining participation rates

Participation rates are determined based on the local accounts.

25.5.2 Valuation of insurance liabilities (assumptions and sensitivities)

25.5.2.1 Technical reserve models

Technical reserves are defined as follows:

• Mathematical reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured.

• Policyholder surplus reserves correspond to the participation attributed to the contract beneficiaries that is not payable in bonuses in the year following the one in which the surplus was generated.

• Administrative expense reserves are intended to cover future contract administration costs that are not otherwise covered.

• Escalating risks reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured under temporary and permanent disability and long-term care contracts.

• Unearned premium reserves cover the portion of written and accrued premiums for the period between the reporting date and the next premium payment date or the contract expiry date. They are recorded for all types of contracts.

• Premium deficiency reserves cover the portion of claims and benefits and the related handling costs for the period between the reporting date and the earliest possible premium adjustment date or the contract expiry date that is not covered by the unearned premium reserve.

• Outstanding claims reserves cover the estimated principal amounts and internal and external expenses payable to settle all outstanding claims, including total future annuity payments.

25.5.2.2 Modelling objectives

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

• Managing the risks associated with a fall in interest rates.

• Taking swift action to adjust technical reserves following a change in mortality tables.

• Using experience-based data concerning annuities in payment when observed losses appear unusually low compared with expected mortality rates.

25.5.2.3 Procedure for determining the main assumptions

The assessment of technical reserves is supported by:

- Detailed knowledge of effective dates and the timing of accounting recognition and processing of the various technical and management events, as well as of the exact specifications of period-end processing operations and their scheduling, in order to accurately determine the underwriting and loss years.
- The creation of files at each period-end to check the consistency of reserves with technical flows.
- Recurring audits of management system calculations, based on random tests and detailed repeat calculations.
- Detailed risk assessments, based on prospective guaranteed yield calculations taking into account commitments in excess of regulatory limits, and on detailed statistical and other analyses of personal risk contracts, including loss monitoring (by contract/underwriting year/loss year) and tracking of the utilisation of reserves.

25.5.2.4 Assumptions based on market or company-specific variables

Discount rates for savings and life insurance contracts are capped at a level corresponding to a conservative estimate of the expected return on the corresponding assets. Non-life technical reserves are discounted at market interest rates. All other assumptions are determined by reference to internal experience-based data.

25.5.2.5 Use of assumptions that do not reflect historical experience

Assumptions are generally based on past experience and do not differ from those that would be expected to be used based on observed historical data. However, for liability adequacy testing purposes, the Group uses dynamic surrender rates which factor in possible increases in surrender rates that are not supported by past experience. In addition, the allocation keys used to allocate unrealised capital gains are based on Embedded Value calculations. As such, they do not reflect observed historical data but consist of a reasonable projection of future unrealised gain allocations, determined according to the principles applied to calculate the Group's Embedded Value published each year.

25.5.2.6 Assumption correlations

Apart from the use of dynamic surrender rates reflecting the correlation between surrender rates and the level of guaranteed yields for liability adequacy testing purposes, correlations among the various assumptions are not taken into account.

25.5.2.7 Uncertainty concerning insurance cash flows

Uncertainties concerning insurance cash flows mainly relate to the timing of surrenders and the payment of death and other benefits.

25.5.2.8 Sensitivity of MCEV to changes in surrender rates and loss ratios

At 31 December 2009, a 10% fall in surrender rates would have a positive impact of €119 million on MCEV; a 5% fall in observed losses would have a positive impact of €113 million on MCEV.

25.5.3 Concentration of insurance risk

25.5.3.1 Use of reinsurance to reduce concentrations of insurance risk

The Group's reinsurance programmes are designed to avoid earnings fluctuations and increase its underwriting capacity. The objectives of the reinsurance policy defined by the Board of Directors are as follows:

- To implement a reinsurance programme covering direct business and inward reinsurance written for provident institutions and subsidiaries.
- To protect underwriting results by entering into non-proportional treaties which are geared to the size of the Group and provide excess-of-loss cover per risk and per occurrence: (catastrophe risk).
- To share risks on large-scale new business.

25.5.3.2 Loss exposure per risk and per occurrence

All portfolios are covered by catastrophe excess-of-loss reinsurance obtained from professional reinsurers.

• Individual policies: death and permanent and total disability risks for all portfolios of individual policies (direct business and inward reinsurance written by CNP for its LBPP, CNP UniCredit Vita, CNP Vida and Global Vida subsidiaries) are reinsured on the market as follows: for each catastrophic loss event – defined as an event involving at least five victims – the Group retains ten times the annual social security ceiling (€34,308 in 2009) and the reinsurers cover 1,000 times this ceiling per event and 2,000 times the ceiling per loss year.

• Group policies:

a) Death and disability risks on all Group policies (direct business net of risks ceded to co-insurers, and all quota-share reinsurance purchased from CNP by provident institutions and mutual insurers) are covered through the *Bureau Commun des Assurances Collectives* pool. The system provides successively for the retention of the two largest claims per insurer, €30 million in co-insurance cover (of which CNP's share is 26%) and reinsurance cover purchased by the pool from external reinsurers. There are three levels of reinsurance cover, as follows: level 1: 20 XS €30 million; level 2: 100 XS €50 million and level 3: 250 XS €150 million with 200% paid reconstitution except for nuclear, biological and chemical terrorism risks. A loss event is defined as involving three or more victims.

b) Catastrophe risks insured by CNP Assurances for provident institutions and mutual insurers are reinsured on the market. A loss event is defined as involving three or more victims. The Group retains €1.75 million per loss event and the reinsurers cover €30 million per loss event and €60 million per loss year, except for nuclear, and nuclear, biological and chemical terrorism risks, for which the ceiling is €30 million per loss year.

All portfolios are also covered after 40 times the ceiling per loss year for high capital payouts in the case of IPA3 death of an insured.

Reinsured portfolios are analysed each year, covering:

• The age pyramid, risk dispersion and concentration of insured populations.

• The number, size and cause of paid claims, including a detailed analysis of the largest claims.

• Underwriting and reinsurance results.

Reinsurance balances are net settled at quarterly, half-yearly or annual intervals depending on the treaty. There are currently no disputed balances.

The Property & Casualty and liability insurance portfolios of the Group's Portuguese subsidiary, Global Nao Vida, are also reinsured on the market via 13 reinsurers. These programmes are reviewed annually.

25.5.4 Financial options, guarantees and embedded derivatives not separated from the host contract

Exposure to interest rate and market risks associated with embedded derivatives not measured at fair value.
Non-unit-linked savings contracts with a guaranteed yield have been classified by level of commitment, as follows (in declining order):

• Contracts offering a guaranteed rate of return and a guaranteed profit share when the contract matures.

• Contracts offering a higher fixed rate of return (generally 75% of the TME rate) over a maximum of eight years.

• Contracts offering a guaranteed rate of return representing less than 60% of the TME rate at the time of payment.

Technical reserves on unit-linked savings contracts are analysed by guaranteed yield in Note 22.

25.5.5 Credit risk arising from insurance business

25.5.5.1 Credit risk arising from outward reinsurance – Terms and conditions of guarantees received and given

The Group regularly checks the solvency of its reinsurance partners. The discriminating criteria applied for the selection of these partners include their credit rating.

Excess-of-loss contracts have been placed with reinsurers who are rated between A-and AAA.

25.5.5.2 Risks associated with financial guarantees and with intermediate current accounts

Certain specific risks are associated with insurance contracts, including the risk of disputes with the insured or beneficiaries.

The number of new lawsuits concerning the interpretation of policy terms dropped 11% in 2009, while the number of outstanding lawsuits fell by 3% to 1,620 at the year-end. This was less than the corresponding fall in 2008 (5%) because the number of claims dismissed fell 12% year-on-year.

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

Two-thirds of lawsuits concern temporary disability clauses and a smaller number concern death benefits.

There is also evidence of certain emerging insurance risks. Certain issues raised in connection with lawsuits go beyond a simple dispute between CNP Assurances and the insured. These issues could have serious consequences for the entire insurance industry if the courts all ruled against the insurer.

25.6 Risk management

Risk management objectives and methods – Underwriting and risk selection policy – Pricing policy – Risk assessment methods.

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

• Roll down Group objectives to the level of the individual businesses.

• Track the progress made by each business in meeting these objectives, in order to allow corrective action to be taken on a timely basis.

• Analyse the components of profit and value creation.

They are used to support underwriting and pricing decisions, based on specific analyses performed for each individual insurance application.

In particular:

• Budgets and business plans provide the basis for analysing the components of profit, assessing forecast profitability and measuring the impact of product decisions on future profits.

• Embedded value and new business calculations reflect the business's current capital resources and its ability to create value. Each year, differences between forecast and actual value creation are analysed and presented at the same time as the financial statements.

General forecasting system

Asset and liability projections are produced annually, in the fourth quarter, and used to calculate policyholder dividend rates for the year, as well as to produce budgets and business plans.

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

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

• Asset/liability models for savings and pension products.

• Specific loan insurance models which break down the insurance book by underwriting year.

• Models tailored to individual and group personal risk products, incorporating risk measurement factors and statistical data.

• Models designed to simulate future annuity commitments.

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