DRAFT

MAIN EXTRACTS

CNP ASSURANCES

Report of the
Board of Directors
Year ended 31 December 2010

CONTENTS

1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 First half

- Widespread distribution of MGEN's long-term care products reinsured by CNP Assurances

Long-term care insurance, 50% of which is reinsured by CNP, has been included in the statutory guarantees covering all Mutuelle Générale de l'Education Nationale (MGEN) members and their spouses since 1 January 2010.

Prior to 1 January 2010, three million people in France were covered by long-term care insurance. MGEN's offer adds a further two million to this number, bringing the total number of beneficiaries of long-term care insurance to five million. The rise in the number of policyholders will enable the pricing structure of the guarantee to be fine-tuned.

- Finalisation of the sale of the stake in Global Seguros

After obtaining the requisite regulatory approvals, on 3 March 2010, CNP Assurances finalised the sale of its 83.52% stake in Global – Companhia de Seguros S.A., and its 83.57% stake in Global Vida - Companhia de Seguros de Vida, S.A. (together Global Seguros), to Rentipar Seguros SGPS. The sale was carried out for a total final consideration of €114.6 million, and the two companies were valued at €137.2 million (based on 100% of the share capital). The transaction generated a capital gain of around €30 million for CNP Assurances.

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

- CNP Assurances Annual General Meeting

The Group's Annual General Meeting was held on 25 May 2010 and approved a dividend of €3 per share, paid on 1 June 2010.

Shareholders also approved a four-for-one stock split. The purpose of this transaction, which will not give rise to any costs for shareholders, is to enhance the liquidity of CNP Assurances shares and make them more affordable for individual investors. The stock split was effective on 5 July 2010.

- Renewal of partnership between Mutuelle Nationale Territoriale and CNP Assurances

On 10 June 2010, CNP Assurances and mutual insurer Mutuelle Nationale Territoriale (MNT) agreed to renew their partnership – due to expire at the end of 2012 – through to 31 December 2017.

As a privileged partner of public sector mutual insurers and local authorities, CNP Assurances enjoys a long-standing relationship with MNT, the largest public sector mutual insurer. The renewal of CNP's key long-term partnership with MNT provides a stable anchor for developing personal risk insurance.

The partnership between the two entities serves a dual purpose:

- it allows MNT to cement its position as the mutual insurer of choice for the French public sector; and
- it enables CNP to expand its activities in this sector.

The early renewal of this partnership through to 31 December 2017 consolidates the relationship developed by CNP Assurances over a period of more than 60 years with public sector mutual insurers (State, local authorities and hospitals).

- Prize-winning policies

Combined unit-linked and non-unit-linked products developed by La Banque Postale and Caisse d'Epargne were among those selected by Le Revenu financial magazine in its Trophées du Revenu awards.

The magazine awarded two of its prizes for 2010 to La Banque Postale: first prize for *Cachemire* in the diversified unit-linked/non-unit-linked category (16 to 50 funds) and third prize for *Vivaccio* in the active management unit-linked/non-unit-linked category (2 to 15 funds).

Three prizes went to products developed by Caisses d'Epargne, including the top prize for *Nuances Privilège* in the aggressive growth unit-linked/non-unit-linked category (more than 50 funds). Third prizes also went to *Nuances 3D* (diversified unit-linked/non-unit-linked category [16 to 50 funds]) and *Nuances Plus* (diversified unit-linked/non-unit-linked category [16 to 50 funds]).

1.2 Second half

- Issue of €750 million of subordinated debt

On 14 September 2010, CNP Assurances issued €750 million worth of subordinated notes due September 14, 2040, with an initial early redemption option at par on 14 September 2020.

The issue was placed on the institutional market and was twice oversubscribed.

The notes will pay interest at a fixed rate of 6% representing an initial spread of 347.2 basis points. From 2020, they will pay interest at a variable rate with a 100-basis point step-up.

The notes have been rated A by Standard & Poor's using the methodology applicable to subordinated debt.

The issue has been structured so that the notes are eligible for inclusion in solvency capital under insurance regulations and Standard & Poor's rating rules, within the respective limits. They also comply with the latest guidance concerning Solvency II Tier 2 capital.

The purpose of the issue is to support the development of CNP Assurances's business. The issue's success is further confirmation of French and international investors' interest in the Group and their confidence in its financial strength.

- CNP Assurances acquires control of MFPrévoyance SA and bolsters its partnership with civil service mutual insurers

Over more than 60 years, CNP Assurances and certain civil service mutual insurers that are members of the MFP Services group have built a strong partnership based on the joint development of personal risk insurance policies for civil servants. Since the reform of France's Mutual Insurance Code in 2002, a growing number of mutual insurers have teamed up to create new groups that are better equipped to meet the challenges of tighter regulation and increased competition. This movement has been observed not only among civil service mutual insurers but also among companies serving the private sector.

In this environment, MFP Services and CNP Assurances intend to deepen their ties through a new partnership structure. To this end, CNP Assurances' acquisition of an interest in MFPrévoyance SA in August 2010 will act as a vehicle to:

- strengthen the partners' positioning in the civil service mutual insurance market;

- accelerate their expansion in the overall group employee personal risk insurance market;

- help develop coverage for emerging risks such as long-term illnesses;

- support the civil service mutual insurers' corporate service offerings.

MGEN has signed up to the venture by becoming the largest mutualist shareholder in a holding company which is 51%-owned by mutual insurers (along with MFPrévoyance SA's other historical mutual insurer partners: MGEFI, MCDéf, MMJ, MNAM, MPCDC, MFFOM) and 49%-owned by CNP Assurances. This holding company now controls 28% of the capital of MFPrévoyance SA. CNP Assurances and MFP Services own 51% and 21%, respectively, of MFPrévoyance SA's capital directly.

MFPrévoyance SA has all of the attributes needed to thrive in the group personal risk insurance sector. It will offer support to its fellow mutual insurers in growing their personal risk insurance offering to public sector employees and in providing SMEs with a real alternative in a market undergoing a major shakeout. MFPrévoyance SA also intends to distribute its products through the networks of insurance brokers and other mutual insurers.

MFP Services is a group of mutual insurers serving national and local government employees and hospital staff. The group manages the State-sponsored health insurance scheme for 1.5 million civil servants as well as the top-up healthcare benefits offered by 19 of its member institutions.

MGEN is France's largest mutual insurer. It manages the State-sponsored health insurance scheme covering professionals working in national and higher education and the areas of research, culture, communications, youth and sports. It also offers top-up healthcare, personal risk, long-term care and pension plans.

- Prize-winning employment insurance policy *Protection Active Emploi*

After walking away with first prize for innovative products and services in Spring 2010, *Protection Active Emploi*, the employment insurance policy for Crédit Immobilier de France customers, was awarded another prize for innovation in personal insurance products in September 2010.

Protection Active Emploi is the only property loan insurance contract that enables policy holders to:

- reduce their period of unemployment by providing a dynamic outplacement service;
- get access to funds immediately to finance their job search;
- to maintain their loan repayment capacity in the event that they remain unemployed for a prolonged period.

With a penetration rate of 34%, *Protection Active Emploi* is a resounding success – the penetration rate for employment insurance is often less than 10% and many banks have only achieved a rate of around 3%.

1.3 Subsequent events

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

2 MARKET AND BUSINESS REVIEW

2.1 Economic and financial environment

2010 witnessed both strong recovery in emerging markets and the European sovereign debt crisis.

Although the global economy continued to grow at a brisk rate during the first-half of the year in the wake of the concerted stimulus plans and expansionary monetary policies implemented in 2009, there was a marked difference in the growth rates achieved by emerging economies and by more developed countries. Many emerging countries managed to exceed their pre-crisis output levels whereas the economies of more developed countries remained sluggish.
Consequently, different economies were confronted with different problems, requiring very different economic policy remedies: some were in danger of overheating and faced strong inflationary pressures while other countries (e.g., the US and certain European countries) had to contend with the risks of a deflationary economic environment.

The second-half of the year witnessed a marked slowdown, particularly in emerging markets which had bounced back from recession very quickly and now found that they needed to plot a more sustainable course of growth. The economic recovery had put a strain on their production apparatus and triggered inflationary pressures leading their central banks to tighten monetary policy. Consequently, growth began to stall in the major emerging Asian economies from the third quarter under the combined effects of the end of stimulus measures, tighter credit and sluggish demand from developed economies.

In the industrialised economies, the slide into recession was averted in spite of slower growth in the last six months of the year.
In September 2010, in the face of rising unemployment and a weak property market, US economic decision-makers came out in favour of a demand-side stimulus policy: in a further easing of its monetary policy and in an effort to stave off the risk of an economic relapse, the US Federal Reserve took a decision to purchase additional Treasury securities. This second quantitative easing programme which aims to reduce long-term interest rates in order to boost corporate and consumer investment was rounded out by the adoption of a number of stimulus measures including the maintenance of tax cuts and tax incentives and the extension of unemployment benefit.

The situation in the euro zone varied markedly from one country to another. Average growth for the zone as a whole was a moderate 1.6%, however this masks significant differences between economies: while growth was buoyed by the dynamism of the German economy and by French domestic demand, it was hampered by the slowdown in the more peripheral countries. The sovereign debt crisis forced a number of countries to introduce austerity measures which began to choke growth. Greece, Ireland and Spain once again posted negative growth in 2010 (negative rates of 4.3%, 0.7% and 0.2%, respectively).

Investor distrust of the public finances of the weaker euro zone economies (mainly Portugal, Greece, Spain and Ireland) sparked an unprecedented sovereign debt crisis which crystallised around the bailing out of Greece and Ireland and a hike in bond yields in peripheral eurozone countries.

In early 2010, Greece suffered a ratings downgrade and a significant upward revision of its budget deficit, both of which undermined its economic credibility. It vainly sought to win back investor confidence by unveiling an austerity budget in February, however yields on Greek government ten-year bonds climbed from 5.8% at the beginning of the year to 7.4% in mid-April and – despite the intervention of the European Central Bank and emergency measures – they ended the year at an all-time high of 12% in the wake of fresh ratings downgrades. In April 2010, Greece was forced to turn to its EU partners and the IMF for help, culminating in a €110 billion bailout loan coupled with further budgetary restrictions. In an effort to contain the sovereign debt crisis, the eurozone countries set up the European Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF) in May 2010 to provide financial succour to member countries in difficulties.

A new austerity budget in Portugal and the recapitalisation of a number of Irish banks reignited the sovereign debt crisis in the fourth quarter of the year.
The Irish economy had been severely weakened by the bail-out of its banking sector and as Irish bond yields rose to 9%, it too was forced to seek outside help. An €85 billion bail-out package was put together by the EU and the IMF to tackle the Irish banking crisis and calm investor fears.

Faced with all this uncertainty over the sovereign debt of European countries, investors moved their money into the highest-rated bonds, pushing down yields on German bonds (which bottomed at 2.11%), and French bonds (the French government bond (OAT) rate bottomed at 2.46% before climbing back to finish the year at 3.34%).

Equity markets were extremely volatile in 2010 due to weak visibility over the short-term growth prospects of developed economies and reservations over the responsiveness and adequacy of the solutions being deployed by eurozone countries to deal with the problems in peripheral eurozone economies.
These difficulties were reflected in trends in the stock market indices of the countries in question over the year: Greece (down 36%), Spain (down 17%), Italy (down 13%) and Portugal (down 11%). However, there was a marked disparity in the performances of the different European stock market indices and all the Northern European indices, with the exception of Ireland, gained ground during the year (e.g., German, up 16%). The CAC 40 index mirrored neither trend and finished the year down 3.3%. In the US, the S&P 500 index grew by more than 11% while the MSCI Emerging Markets index gained over 17% over the year.

Faced with an uncertain economic outlook, French households consolidated their savings rate at a high level by increasing their precautionary savings and moving their money into life insurance products. The life insurance-savings market grew 4% in 2010.

2.2 Business review

In 2010, premium income dipped just 0.8% to €32.3 billion. This strong performance was achieved on the back of robust 15.1% growth in 2009.
Sales were led by unit-linked products, a vibrant risk segment – with particularly strong demand for personal risk and loan insurance cover in France – and a sharp 30.2% increase in premium income in Brazil (up 7.8% excluding the currency effect). In Italy, premium income fell by 24.9% in 2010, after virtually tripling in the prior year.

	IFRS		French GAAP	
Premium income (in € millions)	**31/12/2010**	**% change**	**31/12/2010**	**% change**
Savings	23,587.3	-4.5	24,404.5	-3.4
Pensions	3,160.5	+9.9	3,381.6	+5.9
Personal Risk	1,727.7	+16.2	1,728.9	+16.3
Loan Insurance	3,024.5	+14.4	3,024.5	+14.4
Health Insurance	480.3	+2.9	480.3	+2.9
Property & Casualty	334.8	-16.6	334.8	-16.6
Total	**32,315.1**	**-0.8**	**33,354.7**	**-0.3**

	IFRS		French GAAP	
Premium income (in € millions)	**31/12/2010**	**% change**	**31/12/2010**	**% change**
France	26,129.2	-0.6	26,355.9	-1.0
Italy (1)	2,660.1	-24.9	2,965.8	-17.5
Portugal (2)	217.8	-10.1	355.3	-19.9
Brazil (3)	2,445.8	+30.2	2,814.0	+30.8
Argentina (3)	17.1	+118.3	17.1	+118.3
Spain (4)	584.6	+54.1	584.6	+54.1
Cyprus	202.9	-5.4	204.4	-4.8
Ireland	23.4	-	23.4	-
Other (5)	34.2	+6.0	34.2	+6.0
Total	**32,315.1**	**-0.8**	**33,354.7**	**-0.3**

(1) Italian branches, CNP UniCredit Vita, Cofidis Italy and, since January 2010, BVP Italy.
(2) Cofidis Portugal and BVP Portugal.
(3) Based on exchange rates at 31 December 2010.
(4) Spanish branches, CNP Vida, BVP Spain and Cofidis Spain.
(5) Cofidis Belgium, Czech Republic, Romania, Greece and Hungary.

Consolidated sales of unit-linked products jumped 53.6% in 2010, lifting their contribution to savings and pensions revenue to 15.6%.

- **France**

Premium income contracted by a slight 0.6% in 2010 to €26.1 billion (down 1.0% under French GAAP).
This minor slowdown was mainly due to the 1.6% decline in savings business, which largely reflected the impact on traditional savings products of a high basis of comparison in 2009. Sharply higher than in 2009, unit-linked premium income nearly doubled during the year. The contribution from unit-linked contracts to total savings and pensions revenue in France represented 9.2% for the Group versus 13.0% for the market as a whole.
The personal risk and loan insurance businesses expanded by 10.8% and 5.6% respectively.

Net new money in France remained structurally positive, at €7.9 billion.

<u>La Banque Postale</u>
La Banque Postale generated premium income of €10.6 billion, representing a limited decline compared with 2009, which was shaped by strong sales of savings products due to promotional campaigns deployed by the network in early 2009. 2010 saw the successful launch of the *Cachemire* and *Toscane Vie* life insurance products at the end of the year. The unit-linked recovery that began in late 2009 was sustained throughout 2010, representing a 16% improvement over the year.
La Banque Postale Prévoyance went from strength to strength, up 10% for the period.

<u>Caisses d'Epargne</u>
Premium income generated through the Savings Banks amounted to €10.5 billion in 2010, up 1.9%. All segments experienced growth. Savings revenue edged up 1.4%, supported by two campaigns advertising promotional rates on unit-linked funds. These campaigns, coupled with the launch of four tranches of BPCE bonds packaged in unit-linked funds significantly increased the portfolio's unit-linked weighting, to 14% in 2010 from 5% in 2009. The personal risk business continued its vigorous expansion (up 38%), fuelled by sales of *Garantie Urgence* and *Garantie Famille* products as well as the *Solutions Obsèques* market launch.

<u>CNP Trésor</u>
CNP Trésor's premium income was up 8.9% to €733.4 million. Business was driven by the sustained vitality of the sales force and large transactions carried out during the year with high-end customers.

<u>Financial Institutions</u>
Loan insurance generated premium income of €1.5 billion (up 5.6%), lifted by the boom in property sales fuelled by rock-bottom interest rates and campaigns promoting home ownership that were discontinued at the end of 2010. New partnerships were signed during the year that should help to sustain volumes in 2011.

<u>Mutual Insurers</u>
The mutual insurer business was robust in 2010, with premium income up 13.3% to €844.5 million. One of the year's highlights was the creation of the MFPrévoyance SA joint venture, in which CNP Assurances holds a 65% interest, alongside MFP Services, MGEN and six well-established civil service mutual insurers. This alliance will enable the partners and the mutual insurance segment in general to develop personal risk solutions for both civil service and corporate customers.

- **International Operations**

In 2010, premium income outside France came to €6.2 billion, down a slight 1.8% (down 7.8% at comparable scope of consolidation and constant exchange rates). Accounting for nearly 20% of the consolidated total, premium income from international operations was boosted by a favourable currency effect in Brazil and the consolidation of Barclay's Vida y Pensiones (BVP) operations in Southern Europe.

Lower premiums primarily concerned the savings segment, which shrank by 20.3%. As announced at the beginning of the year, the Group focused on the more profitable personal risk and loan insurance businesses which grew by 36.6% and 66.7% respectively. Note that year-on-year performance in Italy was impacted by high 2009 comparatives.

<u>Italy – CNP UniCredit Vita</u>
Business contracted 29.4% to €2.5 billion at CNP UniCreditVita, after an excellent 2009in which premium income shot up 196.8%. The Italian subsidiary was held back by the overall decline in the life market during the second half, as well as by the restructuring of the UniCredit banking network. Nevertheless, sales of personal risk products and loan insurance climbed by a sharp 36% to €87 million.

<u>Spain/Portugal/Italy – CNP BVP</u>
CNP BVP's premium income totalled €608 million. A number of milestones were reached during the year, including most notably the launch of 18 new products with high levels of risk cover and the start-up of Italian operations in the first half. In Italy, CNP BVP launched an innovative savings product with a unit-linked formula that generated new money of €90 million in 2010, of which 67% unit-linked.

<u>Greece/Cyprus: CNP MIH</u>
CNP MIH generated premium income of €203 million in 2010 (down 5.4%), of which €119 million from life insurance. The fast-growing personal risk and loan insurance businesses expanded 24% to €39 million. Substantially all savings and pensions revenue was from unit-linked sales, with Cyprus accounting for 92% of new money.

<u>Brazil – Caixa Seguros</u>
Caixa Seguros saw premium income jump 30.2% to €2.4 billion (up 7.8% in BRL).
All segments contributed to the increase, particularly personal risk (up 17.4%[1]) and loan insurance (up 23.5%[2]), which together made the largest contribution to profit.

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[1] In local currency
[2] In local currency

Premium Income by Partnership Centre

	IFRS			French GAAP		
	2010 €m	**2009** €m	% change	**2010** €m	**2009** €m	% change
French Post Office	10,613.1	10,984.0	-3.4	10,616.6	10,987.4	-3.4
Savings Banks	10,548.3	10,346.6	+1.9	10,550.4	10,348.8	+1.9
CNP Trésor	733.4	673.4	+8.9	733.4	679.9	+7.9
Financial Institutions France	1,521.8	1,473.5	+3.3	1,521.8	1,473.5	+3.3
Mutual Insurers	844.5	745.4	+13.3	844.5	745.4	+13.3
Companies and Local Authorities	1,730.5	1,881.1	-8.0	1,951.6	2,199.0	-11.3
Others (France)	137.5	184.7	-25.5	137.5	184.7	-25.5
Total France	**26,129.2**	**26,288.7**	**-0.6**	**26,355.9**	**26,618.8**	**-1.0**
Global (Portugal)	-	193.0	-	-	193.0	-
CNP Seguros de Vida (Argentina) (1)	17.1	7.9	+118.3	17.1	7.9	+118.3
CNP Vida (Spain)	242.0	264.0	-8.3	242.0	264.0	-8.3
Caixa Seguros (Brazil) (1)	2,445.8	1,878.6	+30.2	2,814.0	2,151.1	+30.8
CNP UniCredit Vita (Italy)	2,472.9	3,502.0	-29.4	2,778.5	3,557.4	-21.9
Marfin Insurance Holdings Ltd (Cyprus)	202.9	214.4	-5.4	204.4	214.7	-4.8
CNP Europe (Ireland)	23.4	0.9	-	23.4	4.6	-
BVP (Portugal - Spain - Italy)	608.2	78.1	-	745.7	279.3	-
Financial Institutions outside France (2)	99.3	118.0	-15.8	99.3	118.0	-15.8
Branches	74.3	40.0	+85.9	74.3	40.0	+85.9
Total International	**6,185.9**	**6,296.9**	**-1.8**	**6,998.8**	**6,829.9**	**+2.5**
Total	**32,315.1**	**32,585.6**	**-0.8**	**33,354.7**	**33,448.7**	**-0.3**

(1) Average exchange rates:

Argentina:	€1 = ARS 5.2709
Brazil:	€1 = BRL 2.3286

(2) The business of writing loan insurance for Cofidis under the EU freedom of services directive was discontinued on 1 January 2011 and the related contracts will generate no further revenues.

PREMIUM INCOME BY COUNTRY AND BY BUSINESS SEGMENT AT 31 DECEMBER 2010

IFRS														
	Savings		Pensions		Personal Risk		Loan Insurance		Health Insurance		Property & Casualty		Total	
€m	**2010**	**% chg.**	**2010**	**% chg.**	**2010**	**% chg.**	**2010**	**% chg.**	**2010**	**% chg.**	**2010**	**% chg.**	**2010**	**% chg.**
France	20,460.0	-1.6	1,520.4	-5.9	1,297.4	10.8	2,392.1	5.6	459.4	2.6	0.0	-	**26,129.2**	-0.6
Italy (1)	2,462.5	-28.1	17.5	-9.6	7.4	24.8	172.7	85.2	0.0	-	0.0	-	**2,660.1**	-24.9
Portugal (2)	154.7	189.3	0.0	-	2.1	-26.0	61.0	28.2	0.0	-	0.0	-	**217.8**	-10.1
Spain (3)	334.8	14.7	116.4	346.8	14.6	15.6	118.9	143.3	0.0	-	0.0	-	**584.6**	54.1
Cyprus	79.5	-23.3	0.0	-	31.2	8.2	7.8	211.5	21.0	28.2	63.3	0.6	**202.9**	-5.4
Ireland	23.4	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	**23.4**	-
Others Europe (4)	0.0	-	0.0	-	0.0	-	34.2	6.0	0.0	-	0.0	-	**34.2**	6.0
Brazil	68.8	47.5	1,506.2	24.0	369.2	41.7	230.1	49.5	0.0	-	271.5	33.6	**2,445.8**	30.2
Argentina	3.6	39.4	0.0	-	5.8	36.1	7.8	-	0.0	-	0.0	-	**17.1**	118.3
Sub-total International	**3,127.4**	**-20.3**	**1,640.1**	**30.2**	**430.3**	**36.6**	**632.4**	**66.7**	**21.0**	**9.3**	**334.8**	**-16.6**	**6,185.9**	**-1.8**
Total	**23,587.3**	**-4.5**	**3,160.5**	**9.9**	**1,727.7**	**16.2**	**3,024.5**	**14.4**	**480.3**	**2.9**	**334.8**	**-16.6**	**32,315.1**	**-0.8**

(1) Italian branches, CNP Vita, Cofidis business in Italy and BVP Italy.

(2) Cofidis Portugal and BVP Portugal.

(3) Spanish branches, Cofidis Spain, CNP Vida and BVP Spain.

(4) Cofidis business in Europe, excluding Italy, Spain and Portugal.

3 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), the recommendations of the French National Accounting Board (CNC 2005 R-01) concerning the presentation of the IFRS financial statements of insurance enterprises, and the guidelines contained in the reports of the CNC workgroups set up to examine the specific issues arising from the application of IFRSs by insurance enterprises (see notes to the consolidated financial statements).

Review of results

Key earnings figures are as follows:

	31/12/2010	**31/12/2009**	**Total % change 2010/2009**
Premium income	32,315.1	32,585.6	-0.8%
Average insurance and financial liabilities (excluding deferred participation reserve)	273,847.7	253,110.0	8.2%
Net insurance revenue (NIR)	2,247.0	1,963.4	+14.4%
Revenues from own-funds portfolios	537.9	588.5	-8.6%
Administrative costs (1)	(874.0)	(796.7)	9.7%
Operating profit	*1,425.3*	*1,724.3*	*-17.3%*
EBIT (2)	1,910.8	1,756.3	+8.8%
Current income tax expense	(619.3)	(543.8)	13.9%
Attributable recurring profit, before capital gains (3)	961.3	1,004.5	-4.3%
Attributable net gains on equities and property	106.3	(60.6)	n.m.
Fair value adjustments on the trading portfolio (attributable to the Group)	9.7	280.7	-96.5%
Non-recurring loss (attributable to the Group)	(27.2)	(220.5)	-87.7%
Profit attributable to owners of the parent	1,050.0	1,004.1	4.6%

(1) Excluding CNP Trésor employee benefits expense: €36.4 million in 2010 and €35.2 million in 2009.

(2) EBIT: Operating profit adjusted for net fair value adjustments to financial assets and net realised gains on equities and investment property (in total, a positive adjustment of €171.4 million in 2010 and a positive adjustment of €329.2 million in 2009) and non-recurring items (a negative adjustment of €656.9 million in 2010).

(3) Attributable recurring profit, before capital gains: profit attributable to owners of the parent adjusted for fair value adjustments to financial assets at fair value through profit (trading securities) and net realised gains on equities and investment profit, net of tax (in total, a positive adjustment of €115.9 million in 2010 and a positive adjustment of €220.1 million in 2009) and non-recurring items net of tax (a negative adjustment of €27.2 million in 2010 and a negative adjustment of €220.5 million in 2009).

EBIT and attributable recurring profit before capital gains are two key performance indicators used by the Group. They have the advantage of being unaffected by realised capital gains on equities and investment property attributable to shareholders or by fluctuations in the financial markets.

EBIT comprises:

- net insurance revenue (NIR), which corresponds to the margin on insurance contracts, excluding administrative costs;
- revenues from own-funds portfolios, corresponding mainly to equity-linked assets; and
- administrative costs.

The two drivers of NIR are:

- **Premium income**, which remained virtually stable at €32.3 billion (see section 2.2).

- **Insurance and financial liabilities**, excluding the deferred participation reserve, which rose 8.2% during the period. This growth was driven by premium income, the increase in the value of policyholder savings and contract terminations in accordance with shadow accounting principles, corresponding to the portion of unrealised gains and losses attributable to policyholders.

The 14.4% growth in **NIR** to €2,247 million (up €284 million from one year ago) was driven by the international subsidiaries which contributed €301 million, including €230 million from the Brazilian subsidiary, Caixa Seguros. In addition to the positive exchange rate impact of €113 million, brisk business in Brazil impacted all market segments. CNP Vita's NIR jumped from €56 million to €89 million year on year, in line with the increased share of higher-margin products in premium income and in technical reserves. The expansion of the Barclays Vida y Pensiones branch network and the inclusion of a full year of business (compared with only four months in 2009) boosted this entity's NIR from €18 million last year to €57 million this year.

In France, NIR was down €17 million, in spite of higher NIR on savings and personal risk insurance products. NIR on pension products dropped €157 million mainly due to lower impairment reversals on Lehman Brothers shares (€73 million) and new impairment loss provisions booked due to lower interest rates (€28 million). Savings products' contribution to NIR rose €119 million on the year to €835 million, in line with the growth in assets under management and a base effect in 2009. Personal risk insurance products added an extra €20 million to NIR in 2010 in spite of the negative €26 million impact of French pension reforms on the disability and long-term care business due to the extension of the benefit entitlement period.

The €50 million year-on-year drop in revenues from own-funds portfolios from €589 million to €538 million was mainly down to lower revenues on cash balances because of generally low interest rates during the period.

Administrative costs, which include acquisition costs, contract administrative expenses, claims handling expenses, investment management costs and other underwriting costs, increased by 9.7% on last year to €874 million (excluding CNP Trésor set-up expenses of €36.4 million). Administrative costs for the French entities grew 5.1%, reflecting the increase in claims and benefits handling expenses in line with higher support function and corporate management service costs. The 20%

increase in administrative expenses for entities outside France kept pace with the marketing activities deployed by the international subsidiaries and also reflected the strong Brazilian real.

EBIT rose 8.8% year on year, from €1,756.3 million to €1,910.8 million. Although the contribution of the French entities fell by €143.9 million, from €1,297.3 million to €1,153.4 million, the contribution of the entities outside France jumped 65% from €459 million in 2009 to €757.4 million in 2010. Based on a comparable scope of consolidation and at constant exchange rates, the contribution of the entities outside France grew by 40%.

To calculate **operating profit**, EBIT must be adjusted for:

- fair value adjustments to financial assets at fair value through profit (trading securities) net of realised gains and losses on this category of investments, after policyholder participation (representing €30.7 million in 2010, versus €437.3 million in 2009) ;
- gains and losses and impairment provisions booked on equities and investment property (not classified as trading securities). These items, which are considered as being stated net of policyholder participation, represented positive amounts of €140.6 million in 2010 and €19.6 million in 2009;
- the €127.7 million impairment loss in 2009 on the value of the in-force business of the Italian subsidiary CNP Vita;
- additional general provisions of €656.9 million in 2010 and €361.3 million in 2009 included on the non-recurring line of the income statement.

The year-on-year drop of €299 million in operating profit is directly attributable to these additional general provisions.

Current **income tax expense** was €619.3 million for the year, compared to €543.9 million in 2009. This represents an effective tax rate on recurring income before tax of 34.1%, up from 32.6% in 2009, mainly due to the increasing importance of the Brazilian subsidiary, Caixa Seguros, which pays tax at a higher rate than the French entities.
The income tax expense shown in the income statement includes the reversal of deferred tax on the portion of the capitalisation reserve exempted from exit tax. This deferred tax reversal amounts to €402 million and comprises an income tax expense of €163 million corresponding to the one-off tax on the capitalization reserve at 1 January 2010 (exit tax), and a deferred tax asset of €556 million corresponding to the reversal of liabilities previously recognised in this balance.

Attributable recurring profit before capital gains dropped 4.3% on last year to €961.3 million, mainly as a result of the increasing share of profit attributable to minority interests.
Profit attributable to owners of the parent includes:

- the attributable portion of realised gains and losses on investments measured at fair value through equity (available-for-sale financial assets), other-than-temporary impairments in value of investments classified as available-for-sale and recognised gains and losses on investment property.

These items, which are considered as being stated net of policyholder participation and the tax effect, represented a positive €106.3 million in 2010 (including a gain of €30 million of the disposal of Global and Global Vida) and a negative €60.6 million in 2009.

- the attributable portion of fair value adjustments to financial assets at fair value through profit (trading securities) and realised gains and losses on this category of investments, after policyholder participation and the tax effect (representing a positive €9.7 million in 2010 and a positive €280.7 million in 2009).
- and non recurring items for a negative amount of €27.2 million, including additional general provisions of €427 million (net of tax) and the reversal of deferred tax for an amount of €402 million related to the French tax reform of the capitalisation reserve. In 2009, an amount of €220.5 million was added to general provisions.

Profit attributable to owners of the parent amounted to €1,050 million in 2010, an increase of 4.6% on the 2009 figure of €1,004.1 million.

Consolidated balance sheet at 31 December 2010

Total assets amounted to €319.6 billion at 31 December 2010, compared with €301.9 billion at 31 December 2009, a 5.9% increase.

Insurance and financial liabilities totalled €288.1 billion, 6.1% higher than at 31 December 2009, mainly due to the growth in business. The increase in the deferred participation recognised to offset fair value adjustments to assets was more limited in 2010.
Excluding the change in the deferred participation reserve, insurance and financial liabilities rose 6.9% year-on-year while average insurance and financial liabilities were 8.2% higher.

Equity attributable to owners of the parent grew 4% or €493 million year-on-year to €12,042 million. The increase reflected the profit for 2010 (a positive €1,050 million impact), the payment of dividends (a negative €444 million impact), fair value adjustments recognised directly in equity (a negative €130 million impact), interest on deeply-subordinated debt (a negative €61 million impact) and translation adjustments (a positive €102 million impact).

Equity includes €2,142 million in deeply-subordinated debt, which has been reclassified from debt in accordance with the IFRIC interpretation published in November 2006.

Solvency capital

Solvency capital at 31 December 2010, estimated based on French GAAP equity in accordance with the guidelines issued by the French banking and insurance watchdog (*Autorité de Contrôle Prudentiel*), represented 111% of the regulatory minimum (the same ratio as one year previously), excluding unrealised gains and losses, including subordinated debt, and net of intangible assets. The coverage rate remained stable thanks to the €750 million in subordinated notes issued on 14 September 2010.

Asset portfolio and financial management

Insurance investments at 31 December 2010 totalled €304 billion, up 5.8% compared to 31 December 2009.

Available-for-sale financial assets at 31 December 2010 represented 75.8% of total investments and financial assets at fair value through profit (trading securities) represented 21.1%, while held-to-maturity investments and other investments (mainly investment property, loans and derivative instruments) accounted for 3.1%.

4 FINANCIAL STATEMENTS OF THE COMPANY (FRENCH GAAP)

Premium income

CNP Assurances' business activity continued at its previous high levels.

In € millions	31/12/2010	31/12/2009	2010 / 2009	31/12/2008
Individual insurance premiums	20,974	21,258	-1.3%	19,746
Group insurance premiums	2,975	3,119	-4.6%	3,072
TOTAL	23,949	24,377	-1.8%	22,818

- Individual insurance products

Premium income from individual insurance products held up well at over €20 billion.

- Group insurance products

Premium income from group insurance products is impacted by transfers from group pension policies.
2009 pensions revenue was boosted by the takeover of supplementary pension plan commitments.
Sales of loan insurance offering whole life cover were boosted by brisk business in the property market.

In € millions	31/12/2010	31/12/2009	2010/2009	31/12/2008
Death	1,882	1,753	7.4%	1,826
Pensions	1,070	1,345	-20.4%	1,232
Bodily injury insurance	23	21	9.5%	14
TOTAL	2,975	3,119	-4.6%	3,072

Profit

The net profit of CNP Assurances amounted to €212.8 million in 2010, down from €934.3 million in 2009. This decrease was mainly due to the strengthening of general provisions by an amount of €650.4 million, and an additional €155.1 million booked in technical reserves before tax and reinsurance.

Equity

Equity at 31 December 2010 amounted to €7,521.6 million, compared with €7,866.6 million at end-2009. This decrease was mainly a result of the combined impacts of the dividend paid in 2010 (negative €444 million), profit for the period (positive €212.8 million) and the one-off exit tax levied on the capitalisation reserve (negative €140.9 million).

Supplier payment deadlines

CNP Assurances settles supplier invoices within the deadlines set out in the terms and conditions of sale and, by default, within 30 days of receipt.

Review of main subsidiaries

CNP IAM

CNP IAM's revenues rose 6.7% on the year, from €2,052 million to €2,189 million, buoyed by brisk business in loan insurance and group personal risk insurance products.
It posted a net loss for the year of €4 million, compared with profit of €10.9 million in 2009, notably due to the reform of the French pension system which extended the benefit entitlement period for incapacitated persons where the insurance policy provides for the payment of benefits up to retirement age. This represented a charge of €25.6 million in the 2010 accounts.

CAIXA SEGUROS

The results of the Brazilian subsidiary translated into euros benefited from a very favourable currency effect in 2010. The Brazilian real appreciated by 21% in relation to the euro and the average real/euro exchange rate fell from 2.81 in 2009 to 2.33 in 2010.

New money (under French GAAP) for Caixa Seguros (excluding Consorcios) came to BRL 6,551 million (€2,814 million), up 8% year-on-year in local currency (up 31% in euros). In a highly concentrated market (where the top ten insurers account for 81% of the total) experiencing rapid growth (up 16% at end 2010), Caixa Seguros kept its market share stable at 5.9%, while average technical reserves surged 27% in local currency (up 53% in euros).

NIR for Caixa Seguros group (including Consorcios) came in at BRL 1,677 million (€720 million), a jump of 22% in local currency (up 47% in euros). This growth reflects the combined effect of the robust performance of operating activities, thanks to the vitality of the loan insurance, personal risk and Consorcios businesses, the strong performance of financial investments and non-recurring income related to the reversals of provisions.

General expenses net of taxes grew 14% in local currency, reflecting major strategic IT projects and inflation of almost 6% over the year. Factoring in taxes, which rose by 25% in local currency, general expenses increased by 18% in local currency (up 42% in euros) however, this was less than the percentage growth in NIR.

EBIT leapt 25% in local currency (up 51% in euros) to BRL 1,448 million (€622 million) in 2010 after net fair value adjustments to financial assets (a negative BRL 59 million impact in 2010, compared to a negative BRL 108 million impact in 2009).

Profit attributable to owners of the parent under IFRS, before amortisation of in-force business, increased by 17% in local currency (up 41% in euros) to BRL 459 million (€197 million). Attributable profit under IFRS, adjusted for amortisation of in-force business was €196 million.

CNP VITA

In Italy, new money fell 22% year on year to €2,778 million. The decrease was especially marked in the second-half of the year when the reorganisation of the UniCredit group hampered the business of the distributor networks.

NIR was well up for the year, driven by the increase in traditional savings products and the review of technical reserves booked in the loan insurance business.

General expenses grew by 24% and half of this increase was attributable to non-recurring expenditure on major IT projects designed to enhance the service provided to policyholders which is one of the key strategic priorities of the partnership with Unicredit.

EBIT adjusted for non-recurring items was €49.5 million, a 37% increase on 2009.
Profit attributable to owners of the parent under IFRS came in at €16.5 million, against €5 million in 2009 (before impairment).

CNP Barclays Vida y Pensiones (CNP BVP)

CNP BVP does business in three Southern European countries: Spain, Portugal and Italy. CNP BVP has already been writing policies for a number of years in Spain and Portugal and it has 0.7% of the Spanish and 3% of the Portuguese life assurance markets, representing €299 million and €319 million, respectively. The Italian operation began in April 2010 and brought in €128 million in new money through December 2010. This took CNP BVPs new money for the year to €746 million, compared with €279 million for four months of activity in 2009[3].

EBIT adjusted for net fair value adjustments to financial assets was €49.9 million. The results were buoyed by the combined effects of a 14% rise in average technical reserves, brisk business in individual personal risk products, a shift in the product mix to traditional savings products and a tight rein on costs.

Profit attributable to owners of the parent under IFRS, before amortisation of the value of in-force business and the distribution network was €13.8 million [4]. Attributable profit under IFRS, adjusted for amortisation of the value of in-force business and the network was €5.6 million.

CNP MIH

In Cyprus and Greece, CNP MIH’s premium income was down 5% for the year to €204.4 million in a particularly fraught business environment, especially in Greece. As regards premium income in Cyprus (representing 92% of total new money), Laiki Cyprialife outperformed the life insurance market (14% growth, versus 8% growth for the market as a whole) and increased its market share, while Laiki Insurance, the market leader in property and casualty insurance, kept pace with overall market growth of 3%.

Despite the fall in new money due to the difficult situation in Greece, the subsidiary has performed very well thanks notably to the development of new higher-yield products. NIR jumped by 10% to €52.7 million on the back of the strong contribution of risk insurance products.

[3] The acquisition took place in early September 2009 and CNP Assurances only consolidated the last four months of the year.

[4] Value of the distribution agreement.

EBIT rose 10% €29.4 million reflecting the growth in premium income and a moderate increase in general expenses.

Profit attributable to owners of the parent under IFRS was €12.4 million before amortisation of the value of in-force business. This was down 7% on one year previously due to the impact of losses restated in EBIT. Attributable profit under IFRS, adjusted for amortisation of in-force business was €10.6 million.

5 OUTLOOK

In France CNP Assurances intends to maintain the competitiveness of its savings products in retail banking networks and the share of unit-linked products in its business.

In addition, the Group will continue to strengthen its positions in risk/loan insurance businesses in all geographic regions.