CNP ASSURANCES

INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2012 (*)

Contents

Consolidated balance sheet

ASSETS – *In € millions*	*Notes*	**30/06/2012**	**31/12/2011**
Goodwill	*7*	516.5	533.9
Value of business In-Force	*7*	110.8	118.7
Other intangible assets	*7*	223.8	270.7
Total intangible assets		**851.1**	**923.2**
Investment property	*8*	1,779.9	1,747.6
Held-to-maturity investments	*9*	924.8	1,028.7
Available-for-sale financial assets	*9*	239,726.5	231,708.9
Securities held for trading	*9*	62,270.1	60,404.9
Loans and receivables	*9*	4,349.5	4,429.5
Derivative instruments	*9*	4,485.0	3,583.3
Insurance investments		**313,535.8**	**302,902.9**
Banking and other investments		**58.7**	**60.9**
Investments in associates		**0.0**	**0.0**
Reinsurers' share of insurance and financial liabilities	*10*	**8,396.0**	**8,258.1**
Insurance or reinsurance receivables	*11*	4,464.3	2,896.7
Current tax assets		265.1	405.6
Other receivables		2,585.0	3,318.7
Property and equipment	*8*	264.7	252.4
Other non-current assets		459.9	424.2
Deferred participation asset		307.2	620.9
Deferred tax assets		194.4	244.1
Other assets		**8,540.6**	**8,162.6**
Non-current assets held for sale		**0.0**	**0.0**
Cash and cash equivalents		**972.0**	**702.8**
TOTAL ASSETS		**332,354.3**	**321,010.6**

EQUITY AND LIABILITIES – *In € millions*	*Notes*	**30/06/2012**	**31/12/2011**
Share capital	*4*	594.2	594.2
Share premium account		981.5	981.5
Revaluation reserve		1,174.5	860.1
Cash flow hedge reserve	*9*	6.8	6.3
Deeply-subordinated debt	*4*	2,141.8	2,141.8
Retained earnings		7,065.7	6,337.4
Profit for the period		540.4	871.9
Translation reserve		132.6	201.0
Equity attributable to owners of the parent		**12,637.3**	**11,994.1**
Non-controlling interests		1,309.1	1,223.1
Total equity		**13,946.4**	**13,217.1**
Insurance liabilities (excluding unit-linked)	*10*	108,448.9	104,836.6
Insurance liabilities (unit-linked)	*10*	27,550.5	27,513.5
Insurance liabilities		**135,999.4**	**132,350.1**
Financial liabilities – financial instruments with DPF (excluding unit-linked)	*10*	146,647.3	148,158.2
Financial liabilities – financial instruments without DPF (excluding unit-linked)	*10*	891.5	952.6
Financial liabilities – unit-linked financial instruments	*10*	7,400.4	7,308.0
Financial liabilities		**154,939.2**	**156,418.8**
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	*10*	6,435.0	535.7
Insurance and financial liabilities		**297,373.5**	**289,304.6**
Provisions		**191.1**	**174.4**
Subordinated debt		2,567.0	2,551.2
Financing liabilities		**2,567.0**	**2,551.2**
Operating liabilities represented by securities		2,522.6	3,105.4
Operating liabilities due to banks		211.3	135.4
Liabilities arising from insurance and reinsurance transactions	*12*	3,477.8	1,782.2
Current taxes payable		272.5	391.0
Current account advances		327.1	346.1
Liabilities towards holders of units in controlled mutual funds		1,451.4	2,091.2
Derivative instruments	*9*	4,575.1	3,179.2
Deferred tax liabilities		578.4	286.6
Other liabilities		4,860.0	4,446.2
Other liabilities		**18,276.2**	**15,763.2**
Liabilities related to assets held for sale		**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**332,354.3**	**321,010.6**

Consolidated income statement

In € millions	*Notes*	30/06/2012	30/06/2011
Premiums written		13,359.6	15,380.8
Change in unearned premiums reserve		(124.8)	(144.3)
Earned premiums	*13*	**13,234.8**	**15,236.5**
Revenue from other activities	*13*	**119.3**	**105.7**
Other operating revenue		**0.4**	**0.0**
Investment income		5,124.2	5,659.3
Gains and losses on sales of investments		(1,358.8)	8.7
Change in fair value of financial assets at fair value through profit or loss		1,640.4	(76.2)
Impairment losses on financial instruments*		1,856.3	(296.1)
Investment income before finance costs	***14***	**7,262.2**	**5,295.7**
Net revenue		**20,616.6**	**20,638.0**
Claims and benefits expenses		(17,250.6)	(17,376.6)
Investment and other financial expenses, excluding finance costs	*14*	(168.6)	(167.4)
Reinsurance result		9.7	(68.5)
Expenses of other businesses		(0.6)	(0.1)
Acquisition costs		(1,702.4)	(1,606.6)
Amortisation of value of In-Force business acquired and distribution agreements		(10.4)	(8.1)
Contract administration expenses		(105.0)	(103.3)
Other recurring operating income and expense, net		(235.0)	(218.2)
Total other recurring operating income and expense, net		**(19,463.0)**	**(19,548.8)**
Recurring operating profit		**1,153.5**	**1,089.1**
Other non-recurring operating income and expense, net		(0.5)	(0.6)
Operating profit		**1,153.1**	**1,088.5**
Finance costs	*14*	(80.0	(70.2)
Change in fair value of intangible assets		0.0	(4.8)
Share of profit of associates		0.0	0.0
Income tax expense	*15*	(376.6)	(336.2)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Profit for the period		**696.5**	**677.3**
Non-controlling interests		(156.1)	(134.1)
Attributable to owners of the parent		**540.4**	**543.2**
Basic earnings per share		0.88	0.89
Diluted earnings per share		0.88	0.89

* "Impairment losses on financial instruments" includes reversals of impairment loss provisions on securities sold for an amount of €2,319 million at 30 June 2012 and €199 million at 30 June 2011.

Consolidated statement of income and expense recognised directly in equity

Consolidated statement of income and expense recognised directly in equity – first-half 2012

In € millions	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**540.4**	**156.1**	**696.5**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**246.3**	**11.2**	**257.5**
Available-for-sale financial assets			
Change in revaluation reserve during the period	5,852.9	161.1	6,014.0
Reclassification of proceeds from disposals	(826.6)	(5.1)	(831.7)
Reclassification of impairment losses to profit or loss	457.2	5.0	462.2
Sub-total including deferred participation and deferred taxes	*5,483.5*	*161.0*	*5,644.5*
Deferred participation including deferred taxes	(4,992.8)	(79.6)	(5,072.4)
Deferred taxes	(176.4)	(25.3)	(201.7)
Sub-total net of deferred participation and deferred taxes	*314.3*	*56.1*	*370.4*
Cash flow hedge reserve	0.4	0.0	0.4
Change in cash flow hedge reserve during the period	16.6	0.0	16.6
Cash flow hedge reserve recycled through profit or loss during the period	(15.9)	0.0	(15.9)
Deferred taxes	(0.3)	0.0	(0.3)
Translation differences	(68.4)	(44.9)	(113.3)
Amounts not recycled through profit or loss	**(15.5)**	**(5.4)**	**(20.9)**
Actuarial gains and losses	(11.0)	0.0	(11.0)
Other movements	(4.5)	(5.4)	(9.9)
Total income and expense recognised directly in equity	**230.8**	**5.8**	**236.6**
Net income and expense recognised directly in equity	**771.3**	**161.8**	**933.2**

Consolidated statement of income and expense recognised directly in equity – first-half 2011

In € millions	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**543.2**	**134.1**	**677.3**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**(140.5)**	**(46.4)**	**(186.9)**
Available-for-sale financial assets			
Change in revaluation reserve during the period	(2,360.9)	(50.6)	(2,411.4)
Reclassification of proceeds from disposals	(246.9)	(7.0)	(253.9)
Reclassification of impairment losses to profit or loss	492.3	2.8	495.1
Sub-total including deferred participation and deferred taxes	*(2,115.5)*	*(54.7)*	*(2,170.2)*
Deferred participation including deferred taxes	1,922.4	10.9	1,933.3
Deferred taxes	72.0	13.6	85.6
Sub-total net of deferred participation and deferred taxes	*(121.1)*	*(30.2)*	*(151.3)*
Cash flow hedge reserve	1.5	0.0	1.5
Change in cash flow hedge reserve during the period	6.8	0.0	6.8
Cash flow hedge reserve recycled through profit or loss during the period	(4.5)	0.0	(4.5)
Deferred taxes	(0.8)	0.0	(0.8)
Translation differences	(20.9)	(16.2)	(37.1)
Amounts not recycled through profit or loss	**3.4**	**0.0**	**3.4**
Actuarial gains and losses	0.6	0.0	0.6
Other movements	2.8	0.0	2.8
Total income and expense recognised directly in equity	**(137.2)**	**(46.3)**	**(183.5)**
Net income and expense recognised directly in equity	**406.0**	**87.8**	**493.8**

Consolidated statement of changes in equity

Consolidated statement of changes in equity – first-half 2012

In € millions	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated debt	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	**Total equity**
	Attributable to owners of the parent									
Adjusted equity at 1 Jan. 2012 – IFRS	**594.2**	**981.5**	**860.1**	**6.3**	**2,141.8**	**7,209.3**	**201.0**	**11,994.1**	**1,223.1**	**13,217.1**
Net income and unrealised and deferred gains and losses for the period			**314.3**	**0.5**		**524.8**	**(68.4)**	**771.3**	**161.8**	**933.2**
- Dividends paid						(106.0)		(106.0)	(75.8)	(181.8)
- Issue of shares								0.0		0.0
- Deeply-subordinated debt, net of tax						(17.2)		(17.2)		(17.2)
- Treasury shares, net of tax						(5.0)		(5.0)		(5.0)
- Changes in scope of consolidation						0.2		0.2		0.2
- Other movements								0.0		0.0
Equity at 30 June 2012	**594.2**	**981.5**	**1,174.5**	**6.8**	**2,141.8**	**7,606.1**	**132.6**	**12,637.3**	**1,309.1**	**13,946.5**

Consolidated statement of changes in equity – first-half 2011

In € millions	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated debt	Retained earnings and profit	Translation adjustments	Total attributable to owners of the parent	Non-controlling interests	**Total equity**
	Attributable to owners of the parent									
Adjusted equity at 1 Jan. 2011 – IFRS	**594.2**	**981.5**	**1,199.5**	**0.0**	**2,141.8**	**6,849.8**	**274.8**	**12,041.7**	**1,136.4**	**13,178.0**
Net income and unrealised and deferred gains and losses for the period			**(121.1)**	**1.5**		**546.6**	**(20.9)**	**406.0**	**87.8**	**493.8**
- Dividends paid						(456.4)		(456.4)	(172.3)	(628.7)
- Issue of shares								0.0		0.0
- Deeply-subordinated debt, net of tax						(17.8)		(17.8)		(17.8)
- Treasury shares, net of tax						14.8		14.8		14.8
- Changes in scope of consolidation								0.0	(13.9)	(13.9)
- Other movements						0.3		0.3	0.1	0.4
Equity at 30 June 2011	**594.2**	**981.5**	**1,078.4**	**1.5**	**2,141.8**	**6,937.3**	**253.9**	**11,988.5**	**1,038.0**	**13,026.5**

Consolidated statement of cash flows

The statement of cash flows includes:

- cash flows of fully-consolidated companies;
- the Group's proportionate share of the cash flows of jointly controlled entities consolidated by the proportionate method;
- cash flows arising from Group investments, dividends and other transactions with associates or jointly-controlled entities accounted for by the equity method.

Definition of cash and cash equivalents

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

They include units in "ordinary" money market funds but do not include units in dynamic funds that are highly sensitive to changes in market prices, in accordance with the guidelines issued by the French financial markets authority (*Autorité des Marchés Financiers* – AMF) in Position No. 2011-13. This approach analyses both the fund prospectus and yield patterns (fund performance, volatility, etc.).

Cash and cash equivalents reported in the statement of cash flows are stated net of bank overdrafts used for cash management purposes.

Definition of cash flows from operating activities

Cash flows from operating activities correspond essentially to the cash flows of the Group's revenue-generating activities.

Definition of cash flows from investing activities

Cash flows from investing activities correspond to cash flows from purchases and sales of investment property and securities, operating property and equipment and intangible assets.

Definition of cash flows from financing activities

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

- share issues and cancellations;
- debt issues and repayments;
- purchases and sales of treasury stock;
- dividends paid to owners of the parent and non-controlling shareholders of subsidiaries.

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

In € millions	30/06/2012	30/06/2011
Cash and cash equivalents (reported in the balance sheet)	972.0	934.5
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(160.6)	(298.3)
Securities held for trading	8,268.0	5,892.7
Total (reported in consolidated statement of cash flows)	**9,079.3**	**6,528.9**

Cash and cash equivalents reported in the statement of cash flows correspond to:

- cash and cash equivalents reported in the balance sheet under assets;
- operating liabilities due to banks: correspond to short-term bank loans and overdrafts other than financing liabilities, reported in the balance sheet under liabilities;
- securities held for trading: consist of money market mutual funds reported in the balance sheet under "Insurance investments".

Consolidated statement of cash flows

In € millions	30/06/2012	30/06/2011
Operating profit before tax	**1,153.1**	**1,088.5**
Gains and losses on sales of investments, net	1,427.1	(65.3)
Depreciation and amortisation expense, net	53.8	53.1
Change in deferred acquisition costs	(8.6)	(8.5)
Impairment losses, net	(1,821.3)	292.3
Charges to technical reserves for insurance and financial liabilities	3,726.3	6,417.9
Charges to provisions, net	23.4	17.4
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	(1,641.5)	75.1
Other adjustments	(1,475.4)	(1,733.2)
Total adjustments	**283.7**	**5,048.9**
Change in operating receivables and payables	2,299.2	(542.1)
Change in securities sold and purchased under repurchase and resale agreements	(352.6)	(326.3)
Change in other assets and liabilities	(45.0)	(41.0)
Income taxes paid, net of reimbursements	(214.6)	(37.3)
Net cash provided by operating activities	**3,123.9**	**5,190.8**
Acquisitions of subsidiaries and joint ventures, net of cash acquired*	(4.4)	0.0
Divestments of subsidiaries and joint ventures, net of cash sold	0.0	0.0
Acquisitions of associates	0.0	0.0
Divestments of associates	0.0	0.0
Net cash (used) provided by divestments and acquisitions	**(4.4)**	**0.0**
Proceeds from the sale of financial assets	184,564.4	230,595.0
Proceeds from the sale of investment properties	2.5	0.4
Proceeds from the sale of other investments	2.1	2.3
Net cash provided by sales and redemptions of investments	**184,569.0**	**230,597.8**
Acquisitions of financial assets	(188,335.2)	(233,834.5)
Acquisitions of investment properties	(50.3)	(1.4)
Acquisitions and/or issuance of other investments	0.0	0.0
Net cash used by acquisitions of investments	**(188,385.5)**	**(233,835.9)**
Proceeds from the sale of property and equipment and intangible assets	1.6	(0.5)
Purchases of property and equipment and intangible assets	(47.2)	(52.9)
Net cash used by sales and purchases of property and equipment and intangible assets	**(45.6)**	**(53.4)**
Net cash used by investing activities	**(3,866.5)**	**(3,291.5)**
Issuance of equity instruments	0.0	0.0
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	(4.6)	15.7
Dividends paid	(75.8)	(570.0)
Net cash used by transactions with owners	**(80.4)**	**(554.3)**
New borrowings	0.0	1,039.7
Repayments of borrowings	(1.0)	(752.8)
Interest paid on borrowings	(107.0)	(97.6)
Net cash (used) provided by other financing activities	**(108.0)**	**189.2**
Net cash used by financing activities	**(188.4)**	**(365.0)**
Cash and cash equivalents at beginning of period	**10,010.0**	**5,111.3**
Net cash provided by operating activities	3,123.9	5,190.8
Net cash used by investing activities	(3,866.5)	(3,291.5)
Net cash used by financing activities	(188.4)	(365.0)
Effect of changes in exchange rates	(2.2)	(6.0)
Effect of changes in accounting policies and other	2.5	(110.6)
Cash and cash equivalents at the reporting date	**9,079.3**	**6,528.9**

* Acquisition of CNP Vida shares and contingent consideration on the acquisition of stakes in BVP Espagne and Laiki Insurance Holdings Ltd.

Note 1. Significant events of first-half 2012

1.1. Greek sovereign debt securities exchange plan

CNP Assurances is participating in the sovereign debt securities exchange plan proposed by the Greek Ministry of Finance. In exchange for each debt security currently held, the Group has received a securities "basket" comprising new Greek sovereign debt securities, securities issued by the EFSF (European Financial Stability Facility), and GDP-linked securities indexed to the performance of the Greek economy in relation to a specific GDP target growth rate.

The Group has complied with the derecognition criteria stipulated under IAS 39 and the old securities have been derecognised. In the first-quarter of 2012, losses before tax of €125 million were recognised directly in profit or loss under the terms of the exchange plan.

This amount reflects the difference between the amount of the securities at 31 December 2011, net of accumulated impairment loss provisions, based on the Group's own valuation model and in view of the illiquidity of the market for Greek government bonds at that time, and the market value of the new securities received in exchange.

The new securities have been designated and classified as follows under IAS 39:

- New Greek sovereign debt securities and EFSF securities: classified as available-for-sale financial assets and recognised at fair value through equity.
- GDP-linked securities (warrants): classified as derivatives and recognised at fair value through profit or loss.

During the second quarter, the Group sold the new Greek sovereign debt securities received through the exchange plan and accounted for an additional net loss of €34.2 million in the consolidated financial statements.

1.2. Policy of reducing the Group's exposure to sovereign debt issued by peripheral eurozone countries

CNP Assurances has actively pursued a policy of reducing the Group's exposure to sovereign debt issued by the Italian, Spanish, Greek, Portuguese and Irish governments in order to minimise the portfolio credit risk exposure of French and Italian insurance policies.

When compared with positions at 31 December 2011, divestments together with a freeze on new investments have significantly reduced the Group's sovereign debt risk exposure. In terms of net amounts carried, the exposure to Italian, Spanish, Greek, Portuguese and Irish government bonds has fallen by €1.7 billion, €1.1 billion, €0.6 billion, 0.5 billion and €0.03 billion, respectively (see the analysis of sovereign debt risk exposure in Note 9.5).

Losses on these divestments were offset by gains on the sale of sovereign debt issued by other European countries, including Germany, the Netherlands and Finland.

1.3. Right to elect for payment of the 2011 dividend in shares

The General Meeting of the shareholders of the Company, held on 29 June 2012, approved the proposed dividend for the 2011 financial year of €0.77 per share and decided that each shareholder will have the right to elect for payment of such dividend either in cash or new shares of the Company.

Shareholders can exercise the right to be paid their dividend in new shares of the Company during the period from 3 July 2012 until 17 July 2012 (inclusive), with payment to be made (in cash or shares) on 24 July 2012.

The maximum number of new ordinary shares of the Company that can be issued for the purposes of the payment of the dividend in shares is 57,812,705 shares, representing 9.73% of the share capital of the Company as of the date of the shareholders' General Meeting.

The issue price of the new shares of the Company issued in payment of the dividend is €7.88, equal to 100% of the average opening share price of the Company on the NYSE Euronext Paris stock market during the 20 trading days preceding 29 June 2012, the day of the General Meeting, less the amount of the dividend (and rounded up to the nearest centime).

Given the support of the shareholders who are a party to the Shareholders' agreement for the dividend reinvestment option submitted to the General Meeting of 29 June 2012, the Group decided to only accrue dividends for the amount payable in cash to minority shareholders in the consolidated financial statements for the six months ended 30 June 2012: this amount was estimated at €106 million based on the assumption that all minority shareholders would opt to receive their dividends in cash.

An adjustment will be booked in the second-half of the year to reflect the final amount of the scrip dividend. The capital increase necessary to pay the scrip dividend will also be recorded in the second-half of 2012.

Note 2. Subsequent events

2.1. Capital increase for the payment of the scrip dividend

The capital increase for the payment of the scrip dividend was carried out on 24 July 2012: 86.2% of shareholders opted for a scrip dividend and the Company issued 49,348,883 new shares for this purpose.

2.2. Judgement by the Conseil d'Etat on 23 July 2012

In a judgement handed down on 23 July 2012, the Conseil d'Etat (France's highest administrative court) invalidated the wording of Article A331-3 of the French Insurance Code (Code des Assurances) in force until April 2007. The wording provided "that the minimum amount of policyholder participation in underwriting and financial profits is to be determined and made applicable to all individual and collective contracts […] except for collective contracts with a guaranteed death benefit." In its judgement, the Conseil d'Etat considered that the article of the decree was illegal, as the exception was an amendment to the law.

This judgement must be considered together with that handed down by the Conseil d'Etat on 5 May 2010 which clearly indicated that policyholders have no individual right to a specific allowance in respect of the policyholders participation reserve. At this stage of analysis, the judgement by the Conseil d'Etat of July 23rd does not recognise an individual right to this specific allowance and has no impact on the interim financial statements.

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Note 3. Summary of significant accounting policies

CNP Assurances, the parent company of the Group, is a *société anonyme* (public limited company) with a Board of Directors, governed by the French Insurance Code (*Code des assurances*). It has fully paid-up share capital of €594,151,292. The Company is registered in the Paris Trade and Companies Register under no. 341 737 062.

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

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

- write life and endowment insurance;
- write bodily injury insurance covering accident and health risks;
- hold majority interests in insurance companies.

The consolidated financial statements for the six months ended 30 June 2012 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 26 July 2012.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. As required by IAS 34, the accounting policies applied by the Group to prepare the condensed interim consolidated financial statements were the same as those used for the annual financial statements.

The Group entities all apply Group accounting policies, as presented in these notes. The accounting policies comply with those used to prepare the financial statements for the year ended 31 December 2011, with the exception of the standards, amendments and interpretations listed below, effective for 2012 financial statements.

New accounting standards adopted since 1 January 2012

- Amendment to IFRS 7 – Financial Instruments: Disclosures – Transfers of Financial Assets, published on 7 October 2010 and adopted by the European Union on 22 November 2011. This amendment completes the disclosures in respect of the risks associated with the entity's continuing involvement in derecognised financial assets and introduces new disclosure requirements for transferred financial assets that are not derecognised in their entirety. It is applicable for accounting periods beginning on or after 1 July 2011 and is not expected to have a material impact on the Group's consolidated financial statements or lead to any changes in accounting treatment.

Main accounting standards and interpretations approved by the European Union but not yet in force

- Revised IAS 19 – Employee Benefits, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 January 2013, introduces amendments to the treatment of past service cost in the event of a change in benefit plan and the basis for presenting changes to commitments in profit or loss. It removes certain choices for the recognition of actuarial gains and losses on defined benefit plans which must now be recognised directly in equity, i.e., the method already used by the Group. This amendment is not expected to have a material impact on the Group's consolidated financial statements.

- Amendment to IAS 1 – Presentation of Financial Statements, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 July 2012, deals with income and expense recognised directly in equity. The amendment introduces a requirement to group items presented in the consolidated statement of income and expense recognised directly in equity based on whether they are potentially reclassifiable to profit or loss subsequently. This amendment is not expected to have a material impact on the presentation of the Group's consolidated financial statements.

Accounting standards and interpretations published but not yet in force

- IFRS 9 – Financial Instruments, republished on 28 October 2010, consolidates the first of the three phases involved in replacing IAS 39. On 16 December 2011, IASB deferred the effective date of IFRS 9 from 1 January 2013 to annual periods beginning on or after 1 January 2015 and amended the related transition arrangements: adoptees will be granted relief from restating comparative periods but must provide additional disclosures in respect of the transition.

It uses a standard approach to determine whether a financial asset should be measured at amortised cost or fair value.

A financial asset is measured at amortised cost if a) the instrument is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and b) if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of a financial asset, an entity may designate the asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a mismatch. An entity may also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading (including realised gains and losses). However, dividends received from such investments are to be recognised in profit or loss.

If the fair value option is applied, IFRS 9 provides guidance on the amount of change in the fair value that is attributable to changes in the credit risk of a financial liability.

As IFRS 9 has not yet been adopted by the European Union, it is not yet available for early application. The effective date of IFRS 9, including its various phases (phases II and III concerning impairment of financial instruments at amortised cost and hedge accounting), methodology and impact on the consolidated financial statements, are currently being studied by the Group.

- Amendment to IAS 12 – Income Taxes, published on 20 December 2010 and applicable for accounting periods beginning on or after 1 January 2012, introduces a presumption that recovery of the carrying amount of an asset will normally be through sale unless the entity provides proof that recovery will be by another means. This presumption applies specifically to investment property at fair value and property and equipment and intangible assets measured using the revaluation model. This amendment is not expected to have a material impact on the Group's consolidated financial statements.

- IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities, Revised IAS 27 – Separate Financial Statements and Revised IAS 28 – Investments in Associates and Joint Ventures, published on 12 May 2011. These new standards, which have not yet been approved by the European Union, will be applicable from 1 January 2013 with retrospective effect (early application is permitted provided all of the new standards are applied). On 28 June 2012, IASB amended the transition guidance for IFRS 10, IFRS 11 and IFRS 12 to clarify retrospective application arrangements and propose simplified disclosure requirements for non-consolidated special purpose entities. These new standards are likely to impact the Groups' scope of consolidation, consolidation methods and disclosure requirements and their impacts are currently being analysed by the Group.

  IFRS 10 develops a standard framework for analysing control over an investee and the basis for full consolidation comprising: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

  IFRS 10 amends IAS 27 which is now called Separate Financial Statements. The rules relating to separate financial statements remain unchanged while those relating to consolidated financial statements are replaced by the provisions of IFRS 10.

  IFRS 11 replaces IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non-monetary Contributions by Venturers. It focuses on rights and obligations in joint arrangements and requires a single method, i.e., the equity method, to be used in accounting for jointly-controlled entities. IFRS 11 dispenses with the proportionate consolidation method. IAS 28 has also been amended to bring it into line with the new provisions of IFRS 11.

  IFRS 12 brings all of the disclosure requirements for interests in subsidiaries, joint arrangements, associates and special purpose entities together within a single standard. The purpose of IFRS 12 is to require disclosures that will allow users of financial statements to evaluate the basis of control, any restrictions on consolidated assets and liabilities, exposure to risks arising from interests in non-consolidated special purpose entities and non-controlling interests in consolidated entities.

- IFRS 13 – Fair Value Measurement, published on 12 May 2011, will apply to accounting periods beginning on or after 1 January 2013 once it has been adopted by the European Union. It defines "fair value" and provides a single IFRS framework for initial measurement and subsequent remeasurement of fair value and all related disclosure requirements. The Group is currently studying the basis of application and the potential impact of the new standard on its own disclosure requirements.

- Amendment to IAS 32 – Financial Instruments: Presentation, published on 16 December 2011, and applicable to accounting periods beginning on or after 1 January 2014, sets out the rules for offsetting financial assets and financial liabilities. It is accompanied by an amendment to IFRS 7, applicable to accounting periods beginning on or after

1 January 2013, concerning additional disclosures for financial assets and liabilities that are subject to an enforceable master netting arrangement, as distinct from those that are not offset in accordance with IAS 32. The Group is currently studying the basis of application and the potential impact of the amended standard on the consolidated financial statements and on its own disclosure requirements.

- The annual improvements to IFRS, as published on 17 May 2012 and applicable for accounting periods beginning on or after 1 January 2013, include minor amendments to five standards and are not expected to have a material impact on the Group's consolidated financial statements.

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 or loss (financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss), available-for-sale financial assets, investment property held in unit-linked portfolios and derivative instruments separated from their host contracts.

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

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

These estimates and the underlying assumptions are based on past experience, regulatory information, generally accepted actuarial principles and other factors considered reasonable under the circumstances and they are subject to sensitivity analyses when this is required by regulations or when such tests back up the assumptions made by the Group.

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

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

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

They have been applied uniformly by all Group entities.

3.3 Basis of consolidation

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

Subsidiaries

A subsidiary is an entity controlled by the Company. Control is defined as the power to govern the subsidiary's financial and operating policies, directly or indirectly, so as to obtain benefits from its activities. Exclusive control is considered as being exercised when the Company holds more than half of the subsidiary's voting rights, directly or indirectly. All of the contractual conditions of the shareholder agreement, particularly partnership agreements for the distribution of insurance products, are also considered. To determine whether control is exercised, account is taken of the existence and effect of potential voting rights that are currently exercisable or convertible. Subsidiaries are fully consolidated.

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

Jointly-controlled entities (joint ventures)

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

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

Associates

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

It is presumed to be exercised when the Group holds at least 20% of the associate's voting rights, directly or indirectly. However, this is only one of the 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.

3.4 Intragroup transactions

All material intragroup balances, transactions, income and expenses are eliminated in full. Income and expenses from transactions with associates and joint ventures should be eliminated based on the Group's share of the entity's profit. Losses resulting from the impairment in value of an asset transferred in an intragroup transaction are not eliminated.

3.5 Deferred policyholder's participation asset/reserve

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

There are two types of deferred participation:

3.5.1 Unconditional participation

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

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

3.5.2 Conditional participation

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

These rights are recognised only when the event or management decision is highly probable. Conditional participation also arises from the application of the shadow accounting technique described in Note 3.13.2.

3.6 Foreign currency translation into the Group's presentation currency

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

Assets and liabilities of foreign operations – mainly foreign subsidiaries and independent branches – including goodwill and fair value adjustments recorded on consolidation, are translated into euros, i.e., the Group's presentation currency, at the closing exchange rate.

Income and expenses of foreign operations are translated at the exchange rate on the transaction date. For practical reasons, the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

Translation differences between the exchange rates used to translate assets and liabilities, and those used to translate income and expenses are recognised separately in equity as a translation adjustment.

3.7 Foreign currency balances

The individual Group entities translate foreign currency transactions into the entity's functional currency at the exchange rate on the transaction date. For practical reasons, in certain cases the average exchange rate for the period is used as the rate on the transaction date for currencies that have been subject to only limited fluctuations during the period.

At each reporting date, monetary balance sheet items (excluding available-for-sale financial assets) are translated using the closing rate, and the resulting exchange differences are recognised in profit or loss unless hedge accounting is used as described in Note 3.10.3

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

3.8 Business combinations and other changes in scope of consolidation

Business combinations in which the Group acquires control of one or more businesses are recognised using the purchase method.

Business combinations carried out prior to 1 January 2010 are recognised in accordance with the accounting principles used to prepare the financial statements for the year ended 31 December 2009. Non-controlling interests (also known as minority interests) are measured at the Group's proportionate share in the acquiree's net revalued assets, while adjustments to contingent consideration are treated as an adjustment to the cost of the combination.

Business combinations that took place after 1 January 2010 are recognised and measured in accordance with revised IFRS 3. Consideration transferred (acquisition cost) is measured at the acquisition-date fair value of the assets transferred, liabilities incurred and equity interests issued by the buyer. The acquiree's identifiable assets and liabilities are measured at fair value at the acquisition date. Costs directly attributable to the business combination are expensed as incurred.

Any excess of the consideration transferred over the Group's proportionate share in the net fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill (full goodwill method). The Group can choose to measure its non-controlling interests at fair value.

Goodwill is calculated at the date control is obtained and is not adjusted after the end of the measurement period. No additional goodwill is recognised on subsequent acquisitions of non-controlling interests.

Acquisitions and disposals of non-controlling interests are recognised directly in equity.

If the consideration transferred is lower than the Group's proportionate share in the net assets of the acquiree measured at fair value, the difference is recognised directly in profit or loss for the period.

The initial accounting for a business combination must be completed within 12 months of the acquisition date. This timeline applies to the measurement of identifiable assets and liabilities, consideration transferred and non-controlling interests. In principle, any adjustments made after the measurement period affecting financial assets or liabilities are recognised in profit or loss.

3.9 Intangible assets

3.9.1 Goodwill

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

Positive goodwill is:

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

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

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

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

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

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

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

When preparing interim consolidated financial statements, the Group only tests for impairment if two indicators of impairment have simultaneously exceeded the threshold above which an impairment loss is deemed to have occurred.

The Group uses the following indicators proposed under IAS 36 which have been tailored to acquisitions carried out in the insurance sector:

Internal indicators:

- material deterioration in the actual versus budgeted operating results of the CGU;
- prolonged, material deterioration in the value of new business;
- the amount of funds required during and after the acquisition of the CGU in order to keep the business going is considerably higher than initially budgeted for;
- sharp deterioration in the volume of in-force business (over at least a two-year period).

External indicators:

- local regulatory developments likely to adversely impact the value of the CGU;
- significant economic developments likely to lead to a sharp, prolonged fall in investment yields.

3.9.2 Life insurance portfolios

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

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

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

3.9.3 Distribution agreements

The value of a distribution agreement represents the future cash flows expected to result from new business relating to a partner network falling within the scope of such an agreement. These intangible assets are estimated based on the terms and conditions specific to each agreement, and are amortised over the term of the agreement taking into account a residual value where appropriate.

3.9.4 Intangible asset related to the reform of the French pension system

Pursuant to Article 26 of French Act No. 2010-1330 of 9 November 2010, dealing with the reform of the French pension system, the insurer is entitled to receive a termination payment. This entitlement has been recognised as an intangible asset in the consolidated financial statements for its recoverable amount and will be amortised over a five-year period (see Note 7.1).

3.9.5 Software

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

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

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

3.10 Investments

3.10.1 Property

Investment property is property (land or building) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

The Group has elected to measure investment and operating properties using the cost model under IAS 40 and IAS 16, except for properties held in unit-linked portfolios which are measured at fair value.

Details of the fair value of properties measured using the cost model are also disclosed in 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 prudential control authority (*Autorité de Contrôle Prudentielle* – ACP). In the period between two five-year valuations, fair value is estimated at each year-end and the amounts obtained are certified by a qualified expert.

Under the cost model, properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Borrowing costs directly attributable to acquisition or construction are included in the cost of the asset and expensed once the building is in use.

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

- land;
- shell and roof structure;
- facades and roofing;
- fixtures;
- technical installations.

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

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

Depreciation

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

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

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

- shell: 50 years;
- facades and roofing: 30 years, except for warehouses, factories, shopping centres and cinemas: 20 years;
- technical installations: 20 years;
- fixtures: 10 years.

Impairment

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

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

3.10.2 Financial assets

Classification

Financial assets are allocated among the following four categories, based on the type of portfolio, the type of financial assets, the specific features of certain financial assets and prioritised application of the criteria defining each category:

- financial assets at fair value through profit or loss, corresponding to assets held for trading and assets designated at the outset as being at fair value through profit or loss in accordance with the fair value option. Financial assets allocated to this category include assets backing unit-linked liabilities, assets with an embedded derivative that is separable from the host contract, assets of consolidated mutual funds and derivative instruments;
- held-to-maturity investments, corresponding to fixed-income securities that the Group has the positive intention and ability to hold to maturity. This classification is applied restrictively to certain bonds, held mainly by CAIXA Seguros;
- loans and receivables, corresponding to non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than assets classified as held for trading or available-for-sale;
- available-for-sale financial assets, corresponding to assets that are not held with the firm intention of being sold but which the Group may decide to sell, for example, to meet its liquidity needs. This classification is applied to assets not classified in any of the above three categories.

Recognition

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

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

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or the asset is transferred in a transaction that transfers substantially all the risks and rewards of ownership of the financial asset.

Valuation method

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently measured at fair value.

Changes in fair value of available-for-sale financial assets are recognised directly in equity, taking into account the impact on liabilities arising from insurance contracts and financial instruments with a discretionary participation feature (DPF) (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Changes in fair value of financial assets at fair value through profit or loss are recognised directly in profit or loss, taking into account the impact on liabilities arising from insurance contracts and financial instruments with DPF (in accordance with the shadow accounting principle, see Note 3.13.2) and the deferred tax effect.

Loans and receivables and held-to-maturity investments are measured at amortised cost by the effective interest method. 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 or loss are tested for impairment at each reporting date. A financial asset has been impaired if there is objective evidence of impairment based on one or a number of events whose impact on the asset's estimated future cash flows may be reliably determined.

Assets measured at amortised cost and debt instruments available for sale

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

However, downgrading by a rating agency or widening credit spreads do not in themselves constitute objective evidence of impairment. One or a combination of the following factors would constitute objective evidence of impairment:

- a credit event as defined by the ISDA (International Swaps and Derivatives Association), namely, bankruptcy of the entity in question, failure to pay, or a reorganisation;
- knowledge of material financial difficulties being experienced by the counterparty that amount to a recognised risk, even in instances where the counterparty has not actually defaulted;
- the existence of certain facilities that would not have been granted to the counterparty in the absence of financial difficulties.

Available-for-sale equity instruments

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

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

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

Moreover, in all cases where these thresholds have not been exceeded but the market price represents less than 70% of the average carrying amount over the previous six months, the Group systematically tests all equity instruments on an asset-by-asset basis to ascertain whether or not an impairment loss needs to be recognised.

This approach is based on both the materiality of the decline in the fair value and the intrinsic underlying features of the valuation for each asset.

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

A similar method is employed for unlisted variable-income securities.

Reversals of impairment losses

Available-for-sale financial assets

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

If the fair value of an available-for-sale debt instrument increases in a subsequent period due to new circumstances, e.g., an improvement in the counterparty's credit rating, the amount of the reversal is recognised in profit or loss.

Loans and receivables, held-to-maturity investments

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account, provided that the reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been, had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.10.3 Derivative instruments

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics: (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (the "underlying"); (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date.

Derivative instruments are classified as financial assets at fair value through profit or loss except for instruments designated as hedges whose effectiveness can be demonstrated.

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

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

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

Hedge accounting

Derivatives designated as hedging instruments are accounted for in accordance with IAS 39 if they are part of a designated hedging relationship as defined by the standard.

At present, the Group uses cash flow hedge accounting only. For current and any future operations, this involves (i) documenting the hedging relationship and risk management objective and strategy for undertaking the hedge and (ii) assessing the effectiveness of the hedge at inception and over the life of the hedge by demonstrating the effectiveness of the hedging relationship both retrospectively and prospectively.

Cash flow hedge accounting consists of recognising the effective portion of changes in the fair value of the derivative in equity. The gain or loss on the ineffective portion of the hedge is immediately recognised in profit or loss. The cumulative gains or losses recognised in equity are recycled to the income statement over the period in which the hedged item impacts profit or loss. If the hedging instrument expires or is sold or no longer qualifies for hedge accounting, cumulative gains or losses recognised in equity are recycled to the income statement either immediately or as and when the transaction initially hedged is completed. The fair values of derivatives designated as hedging instruments are disclosed in Note 9.7.

3.10.4 Measurement of financial assets at fair value

A financial instrument is considered as traded in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions conducted on an arm's length basis. The main criteria used in determining whether or not a market is active is how recent the quoted prices actually are as well as the liquidity of the securities traded. The market in question will be considered inactive if the number of transactions falls sharply or remains at a very low level or if there is a sharp increase in settlement costs or volatility, or a rapid widening in Z-spreads.

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

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

For example, for structured products, the Group uses the price provided by the arrangers, unless the Group's own analysis casts doubts on the reliability of said price; or it has obtained market prices using an internal model.

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

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

Structured product valuation principles

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

The valuation techniques used:

- make maximum use of market inputs;
- incorporate all factors that market participants would consider in setting a price; and
- are consistent with accepted economic methodologies for pricing financial instruments.

Fair value hierarchies

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

- Level 1: financial instruments measured using quoted prices in active markets. The fair value of most financial instruments held by the Group is determined based on the quoted market price, whenever quoted prices are readily and regularly available and represent actual and regularly occurring market transactions conducted on an arm's length basis. The active market for such transactions is the market in which the most recent prices were quoted along with the largest volumes of transactions. The following financial assets are measured at their quoted market price:
  - equities, measured on the basis of quoted prices on their reference market,
  - mutual funds units, measured at their net asset value,
  - bonds, EMTNs, BMTNs: for each instrument, the value is determined based on the most recent quoted prices available – on the stock exchange, from brokers, trading rooms or trading platforms, the ICMA Price Service (average prices) or BGN (average prices excluding highs and lows) – taking into account liquidity factors in the choice of market,
  - BTAN treasury notes, at the prices quoted under the Banque de France's centralised quotation system,
  - derivatives traded on an organised market.

- Level 2: financial instruments measured by standard valuation techniques using mainly observable inputs. These include:
  - structured products valued by the Group, arrangers or external valuers,
  - investments in unlisted securities,
  - OTC derivative contracts,
  - money market securities other than BTANs measured based on the zero coupon price curve plus a spread,
  - any other quoted financial instrument for which no active market exists.

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

3.11 Equity

3.11.1 Components of equity

Equity includes share capital, retained earnings, unrealised gains and losses from remeasurement at fair value of available-for-sale financial assets net of tax and shadow accounting adjustments, adjustments to the capitalisation reserve and subordinated debt instruments classified in equity due to the discretionary nature of interest payments (see Note 3.16).

3.11.2 Capital management

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

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.

At 30 June 2012, based on a method similar to that used to calculate its annual minimum capital requirements, the insurance subsidiaries and the Group as a whole complied with minimum capital requirements.

3.12 Treasury shares

The Group may acquire treasury stock via the liquidity contract set up for the purpose of stabilising the CNP Assurances share price or allocating shares under employee share grant plans (see Note 3.15.2). Treasury stock is recorded as a deduction from equity in the IFRS accounts.

3.13 Insurance and financial liabilities

3.13.1 Contract classification

Contracts recognised and measured in accordance with IFRS 4 include:

- insurance contracts (see definition below) that cover a risk for the insured. Examples include personal risk contracts, pension contracts, property and casualty contracts and unit-linked savings contracts with a guaranteed element;
- financial instruments with DPF, comprising both traditional savings contracts with DPF and unit-linked contracts including a traditional savings component with DPF.

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

Contracts that do not fulfil the criteria for classification as either insurance contracts (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.

3.13.2 Insurance contracts and financial instruments with DPF

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

Insurance contracts

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

Insurance risk is a risk other than a financial risk. Financial risk is the risk of a possible future change in one or more variables such as a specified interest rate, financial instrument price, commodity price, foreign exchange rate, or other variable. In the case of a non-financial variable, if the variable is not specific to a party to the contract, the risk is financial; otherwise it is an insurance risk. Surrender risk, extension risk or the risk of higher-than-expected administrative costs are not insurance risks, unless they are risks originally incurred by the policyholder that are transferred to the Group under an insurance contract.

For each group of contracts with similar characteristics, the significance of the insurance risk is assessed based on a single representative contract. Under this approach, the insurance risk may be considered significant although the probability of the group of contracts generating a loss that has a material adverse effect on the financial statements is remote due to the pooling of risks.

Financial instruments with a discretionary participation feature (DPF)

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

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

Hybrid contracts

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

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

Life insurance and savings contracts

Premiums

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

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

Technical and mathematical reserves

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

Mathematical reserves for traditional savings 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 loading on premiums or by the fees levied on financial products.

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

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

The policyholder surplus recognised at 30 June is calculated by multiplying investment income for the period by the forecast participation rate for the year, excluding capital gains on Group subsidiaries and affiliates.

An unexpired risks reserve is set up to cover claims and benefits outstanding at the reporting date.

Mathematical reserves for unit-linked contracts are determined by reference to the assets backing the linked liabilities. Gains and losses arising from the remeasurement of these assets at fair value are recognised in profit or loss, to offset the impact of changes in the related technical reserves.

Reserves for guaranteed yields are determined using the Black & Scholes method.

Disability, accident and health insurance

Premiums are recognised net of taxes and estimated cancelled premiums.

Earned premiums for the period are adjusted for:

- estimated earned premiums not yet written at the period-end;
- the change in the unearned premium reserve (corresponding to the portion of premiums written during the period that relates to the next period).

A reserve is recorded to cover timing differences between the coverage of risks and their financing in the form of insurance premiums.

Claims are recognised in the period in which they have incurred. The amount recorded covers both reported claims and estimated claims incurred but not reported (IBNRs).

Claims reserves are based on the estimated cost of settling the claims, net of any forecast recoveries.

A deferred participation reserve is recorded for participating contracts, based on shadow accounting principles.

A reserve is also recorded for claims handling expenses.

Liability adequacy test

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

Shadow accounting

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

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

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

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

Testing deferred participation assets for recoverability

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

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

Reinsurance

Outward reinsurance

Premiums, claims and technical reserves are stated before reinsurance. Ceded amounts are recognised under the "Reinsurance result" line item of the income statement.

Ceded technical reserves are tested for impairment at each reporting date. If there is objective evidence that these reserves are impaired, as a result of an event that occurred after initial recognition, the carrying amount of the asset is reduced by recording an impairment loss in the income statement. For reinsurance assets secured by collateral, the estimated discounted cash flows from the asset take into account cash flows from the sale of the collateral, net of the estimated cost of obtaining execution of the guarantee, regardless of whether or not such sale is considered probable.

Inward reinsurance

Inward reinsurance contracts give rise to a significant insurance risk and are therefore accounted for in the same way as insurance contracts.

3.13.3 Financial instruments without DPF (IAS 39)

Financial instruments without DPF are initially recorded at fair value. Loadings on premiums are recognised in “Revenue from other activities”.

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

Traditional savings investment contracts are subsequently measured at fair value, corresponding to their surrender value.

3.13.4 Service contracts

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

3.14 Property and equipment

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

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

3.15 Employee benefit obligations

Employee benefit obligations are recognised in full in the balance sheet in accordance with the amendment to IAS 19, except for share grants which are recognised and measured in accordance with IFRS 2.

3.15.1 Employee benefit plans

Defined benefit pension plan

At the beginning of July 2006, the Group set up a defined benefit supplementary pension plan governed by Article 39 of the French Tax Code (*Code général des impôts*). The annuity and financial risks arising from the retirement of plan participants are covered by an insurance policy.

Obligations under defined benefit plans and the related costs are measured by the projected unit credit method. The amount recognised in the balance sheet for pension obligations corresponds to the difference between the projected benefit obligation and the fair value of the plan assets.

The actuarial assumptions used to measure defined benefit obligations vary depending on economic conditions in the country in which the plan has been set up.

Pension plans in the international entities

Several defined contribution plans and a limited number of defined benefit plans have been set up throughout the different Group entities. The related obligations are non-material from a Group perspective.

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

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

Early-retirement plans

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

Business start-up grants

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

Discount rate

The discount rate corresponds to the yield on investment-grade corporate bonds that are traded in an active market (or the Government bond rate if no active market exists) with maturities that match the duration of the benefit obligation.

Accounting treatment

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

Liabilities under unfunded plans are recognised in the balance sheet.

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

Actuarial losses recognised in current profit for defined-benefit plans comprise two elements:

- current service cost and past service cost;
- interest cost (reflecting the unwinding of any discounting to present value) less the expected return on plan assets.

3.15.2 Share-based payment

Accounting treatment of employee share grants

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

3.16 Financing liabilities and subordinated debt

Perpetual subordinated notes for which the Group determines the timing of interest payments are classified as equity instruments. All other dated and undated debt instruments, especially those with a repayment schedule, are classified as financing liabilities in accordance with IAS 32.

3.17 Acquisition costs and operating expenses

Underwriting expenses are presented by function:

- claim and benefit handling expenses include the costs of the departments responsible for paying claims, endowments and periodic benefits and processing surrenders;
- acquisition costs include all selling, distribution and administrative costs incurred for the acquisition of new contracts;
- contract administration expenses include all the costs of managing In-Force business;
- investment management costs include all internal and external costs of managing asset portfolios and financial expenses;
- other underwriting costs correspond to overhead expenses that cannot be allocated rationally to the other functions;
- non-underwriting costs correspond to costs related to businesses that have no technical link to the insurance business.

Cost recognition and allocation:

- operating expenses are initially recognised by nature and are then reallocated by function;
- costs recognised by nature that relate to a single function are posted to the function concerned without applying any allocation key.

Other costs are analysed between:

- corporate costs, which are allocated to the operating centres using statistical cost allocation keys or actual business data;
- operating costs, as adjusted to include corporate costs, which are allocated to the functions using a specific allocation key for each business.

3.18 Taxation

Group relief

CNP Assurances and its main French subsidiaries have elected to file a consolidated tax return under French group relief rules. The companies in the tax group are CNP Assurances, CNP IAM, Préviposte, Investissement Trésor Vie (ITV), CNP International, CNP Caution, Sogestop G, Carrés bleus SA (formerly Sogestop C), Prévimut, Cicoge SA (a property investment company), Âge d'or Expansion, AEP 3, AEP 4, Assurimmeuble, Étages Franklin, Kupka, Pyramides 2, Assurhélène, Foncière Investissement, Écureuil Vie Crédit and Écureuil Vie Investissement.

Current and deferred taxes

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

The income tax rate for the six months to 30 June corresponds to the estimated tax rate for the current year (before adjustments made in accordance with IFRS).

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

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

Deferred tax assets are recognised for tax losses 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.

3.19 Operating segments

In accordance with IFRS 8, the Group's reportable business segments are based on the internal reporting system approved by the Group's Executive Committee, regarded as the chief operating decision maker as defined by IFRS 8, and on the technical characteristics of the products distributed by the Group.

Three business segments are reported which generate risks and returns that are separate from those of the other segments:

- the Savings business concerns products enabling policyholders to build up capital which they can cash in. A key feature of these products is their sensitivity to changes in interest rates;
- the Pensions business concerns products designed to enable policyholders to receive an annuity or lump sum on retirement. The main risk associated with these products concerns the probable annuity payment period;
- the Personal Risk business includes products enabling policyholders to insure against the risks of death, accident or illness, property damage or liability claims. The return on these products depends on the occurrence of the insured risk.

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

- premium income: new money, corresponding to premium income measured under French GAAP, i.e., before adjustments related to the deposit component of financial instruments without a discretionary participation feature;

- net new money: premium income as defined above, net of claims settled during the period, and excluding changes in the unexpired risks reserve;

- net profit from insurance activities: loadings on premiums recognised on insurance products, net of commissions paid;

- general expenses: expenses allocated to each reportable segment based on analyses carried out by the Planning and Performance department;

- EBIT: operating profit adjusted for net fair value adjustments to financial assets and before finance costs, taxes and non-controlling interests. EBIT is a key indicator of profit by reportable segment based on analyses by senior Group management. EBIT corresponds to attributable profit for the period adjusted for:
    - finance costs,
    - share of profit of associates,
    - non-recurring items,
    - income tax expense,
    - non-controlling interests,
    - fair value adjustments on the trading portfolio (corresponding to unrealised gains and disposal gains on financial instruments recognised as at fair value through profit or loss), and
    - net capital gains on equity securities and property, after non-recurring write-downs on the portfolio and goodwill (corresponding to disposal gains on equity instruments classified as available-for-sale financial assets and write-downs on financial instruments and property assets).

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

- segment assets and liabilities: assets and liabilities under IFRS, broken out by reportable segment and validated by the Executive Committee are presented in the notes to the consolidated financial statements. On the assets side, only "Goodwill and the value of In-Force business" and "Financial investments and investments in associates" are tracked by reportable segment on a regular basis. In view of the non-material amounts involved and the excessive cost of preparing such information when compared with the related benefits, non-current assets (excluding financial assets, deferred tax assets and assets arising under insurance contracts) by geographic area are not disclosed.

Comparative disclosures have been analysed using the same basis.

3.20 Contingent liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements, except when it is not probable that they will give rise to an outflow of resources.

Contingent liabilities are regularly reviewed to determine whether an outflow of resources has become probable or can be measured with sufficient reliability. If this is the case, a provision is recognised in the financial statements for the period in which the change in probability or measurability occurs.

Note 4. Share capital

4.1 Undated deeply-subordinated notes reclassified in equity

		30/06/2012		
In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amount*
Deeply-subordinated notes (attributable to owners of the parent)				**2,141.8**
CNP Assurances	Jun. 2004	Tec 10+10 bps, capped at 9%	€	250.0
CNP Assurances	Nov. 2004	Tec 10+10 bps, capped at 9%	€	50.0
CNP Assurances	Mar. 2005	6.5% until March 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP Assurances	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	23.8
CNP Assurances	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
CNP Assurances	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	€	160.0
CNP Assurances	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP Assurances	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	€	108.0
Total				**2,141.8**

		31/12/2011		
In € millions	*Issuance date*	*Interest rate*	*Currency*	*Amount*
Deeply-subordinated notes (attributable to owners of the parent)				**2,141.8**
CNP Assurances	Jun. 2004	Tec 10 +10 bps, capped at 9%	€	250.0
CNP Assurances	Nov. 2004	Tec 10 +10 bps, capped at 9%	€	50.0
CNP Assurances	Mar. 2005	6.50% until 2008, then 3% + 22.5% times 10-year EUR CMS	€	225.0
CNP Assurances	Mar. 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	23.8
CNP Assurances	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
CNP Assurances	May 2006	5.25% until 16 May 2036, then 3-month Euribor +185 bps	€	160.0
CNP Assurances	Dec. 2006	4.75% until 22 Dec. 2016, then 3-month Euribor +184 bps	€	1,250.0
CNP Assurances	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	€	108.0
Total				**2,141.8**

4.2 Ownership structure

Shareholder	Number of shares	% interest
Caisse des Dépôts	237,660,516	40.00%
Sopassure (La Banque Postale and BPCE)	210,821,912	35.48%
French State	6,475,364	1.09%
Total shares held in concert	**454,957,792**	**76.57%**
Private investors	139,193,500	23.43%
of which: CNP Assurances (treasury shares)*	2,086,731	0.35%
Total	**594,151,292**	**100.00%**

* The terms and conditions of the CNP Assurances liquidity contract currently in force are set out in the draft resolutions submitted to the CNP Assurances Annual General Meeting included in the 2011 Registration Document.

4.3 Equity

Issued capital	**Ordinary shares**	
	30/06/2012	**31/12/2011**
Number of shares outstanding at the beginning of the period	594,151,292	594,151,292
Shares issued during the period	-	-
Number of shares outstanding at the end of the period	594,151,292	594,151,292

After the capital increase made on 24 July 2012 for scrip dividend payment purposes (issue of 49,348,883 new shares), the total number of shares outstanding is now 643,500,175 shares.

4.4 Basic and diluted earnings per share

In € millions	30/06/2012	30/06/2011
Profit attributable to owners of the parent	540.4	543.2
Charge on deeply-subordinated debt, net of tax	(17.2)	(17.8)
Dividends on preferred shares	0.0	0.0
Profit attributable to ordinary shareholders	**523.2**	**525.4**

	30/06/2012	30/06/2011
Number of ordinary shares at 1 January	594,151,292.0	594,151,292.0
Treasury shares	(2,381,271.7)	(1,426,466.2)
Weighted average number of shares at end of reporting period	**591,770,020.3**	**592,724,825.8**
Dilution impact of the option to pay a scrip dividend*	321,181.7	0.0
Weighted average number of shares at end of reporting period net of dilution impact	**592,091,202.0**	**592,724,825.8**

In € per share	30/06/2012	31/12/2011
Profit attributable to ordinary shareholders	0.88	0.89
After-tax effect of interest on convertible bonds	0.0	0.0
Diluted profit attributable to ordinary shareholders	**0.88**	**0.89**

In € millions	30/06/2012	31/12/2011
Profit attributable to ordinary shareholders	**523.2**	**525.4**

* At 30 June 2012, diluted earnings per share are calculated by dividing profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding at the end of the reporting period, including the dilution impact of the resolution to pay a scrip dividend approved by the General Meeting of 29 June 2012 (the dilution impact is calculated by applying a partial period factor of one day in 180, and based on the assumption that all shareholders will exercise the option, i.e., 321,182 = 57,812,705 * 1/180).

4.5 Related party information

There were no material changes in the nature or conditions of the Group's related party transactions during the six months to 30 June 2012 when compared with the disclosures in Note 4.6 "Related party information" to the audited consolidated financial statements for the year ended 31 December 2011 included in the 2011 Registration Document.

Note 5. Scope of consolidation

Consolidated companies and percentage of voting rights at 30 June 2012

Company	Consolidation method	Country	Business	30/06/2012 % voting rights	30/06/2012 % interest	31/12/2011 % voting rights	31/12/2011 % interest
1. Strategic subsidiaries							
CNP Assurances	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP IAM	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
Préviposte	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
ITV	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
CNP International	Full	France	Insurance	100.00%	100.00%	100.00%	100.00%
La Banque Postale Prévoyance	Proportionate	France	Insurance	50.00%	50.00%	50.00%	50.00%
MFPrévoyance	Full	France	Insurance	51.00%	64.72%	51.00%	64.72%
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	94.47%	94.47%	94.00%	94.00%
Barclays Vida y Pensiones	Full	Spain	Insurance	50.00%	50.00%	50.00%	50.00%
Laiki Insurance Holdings Ltd	Full	Cyprus	Insurance	50.10%	50.10%	50.10%	50.10%
CNP Europe Life Ltd	Full	Ireland	Insurance	100.00%	100.00%	100.00%	100.00%
2. Mutual fund units							
Univers CNP 1 FCP	Full	France	Mutual fund	99.78%	99.78%	99.79%	99.79%
CNP Assur Euro SI	Full	France	Mutual fund	97.17%	97.17%	97.10%	97.10%
Écureuil Profil 30	Full	France	Mutual fund	96.06%	96.06%	95.46%	95.46%
LBPAM Profil 50 D 5DEC	Full	France	Mutual fund	76.36%	76.36%	75.48%	75.48%
LBPAM Act. Diversif 5DEC	Full	France	Mutual fund	55.16%	55.16%	53.86%	53.86%
LB. ACT. D.A SI 5DEC	Full	France	Mutual fund	99.96%	99.96%	100.00%	100.00%
CNP ACP Oblig FCP*	Proportionate	France	Mutual fund	49.62%	49.62%	49.65%	49.65%
CDC IONIS FCP 4DEC	Full	France	Mutual fund	100.00%	100.00%	100.00%	100.00%
CNP ACP 10 FCP*	Proportionate	France	Mutual fund	49.73%	49.73%	49.75%	49.75%
Écureuil Profil 90	Full	France	Mutual fund	53.23%	53.23%	53.56%	53.56%
Al Dente 3 3 DEC	Full	France	Mutual fund	56.51%	56.51%	54.44%	54.44%
Vivaccio ACT 5DEC	Full	France	Mutual fund	81.19%	81.19%	80.87%	80.87%
CNP Assur Alt. 3DEC	Full	France	Mutual fund	99.70%	99.70%	99.70%	99.70%
3. Property companies							
Assurbail	Full	France	Lease financing	100.00%	100.00%	100.00%	100.00%
AEP3 SCI	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
CIMO	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
AEP4 SCI	Full	France	Non-trading property company	100.00%	100.00%	100.00%	100.00%
PB6	Proportionate	France	Property	50.00%	50.00%	50.00%	50.00%
OPCI AEW IMCOM 6	Proportionate	France	OPCI	50.00%	50.00%	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%
OPCI MTP Invest	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEW Incom 1	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEP 247	Full	France	OPCI	85.42%	85.42%	85.42%	85.42%
Écureuil Vie Développement	Full	France	Brokerage	51.00%	51.00%	51.00%	51.00%

* The method used to consolidate these funds has been reviewed in the light of contractual arrangements. This has not resulted in any material impact on the Group's consolidated financial statements.

Note 6. Segment information

6.1 Balance sheet by business segment at 30 June 2012

Assets (*In € millions*)	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Goodwill and value of business In-force	314.2	13.3	299.8	0.0	627.3
Financial investments and investments in associates	264,199.8	33,742.7	15,528.7	123.3	313,594.5
Other assets					18,132.5
Total assets					**332,354.3**

Equity and liabilities *(In € millions)*	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Total equity	10,250.1	1,298.2	2,390.4	7.7	13,946.4
Financial liabilities related to financial instruments (including deferred participation reserve)	153,457.7	7,313.0	603.5	0.0	161,374.2
Insurance liabilities	95,248.9	30,100.0	10,650.5	0.0	135,999.4
Other liabilities					21,034.3
Total equity and liabilities					**332,354.3**

6.2 Balance sheet by business segment at 31 December 2011

Assets (*In € millions*)	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Goodwill and value of business In-force	319.1	5.5	327.9	0.0	652.5
Financial investments and investments in associates	255,801.0	32,370.8	14,544.6	247.4	302,963.8
Other assets					17,394.2
Total assets					**321,010.6**

Equity and liabilities *(In € millions)*	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Total equity	9,915.3	1,221.9	2,069.3	10.6	13,217.1
Financial liabilities related to financial instruments (including deferred participation reserve)	149,837.3	6,664.2	453.0		156,954.5
Insurance liabilities	92,494.0	29,740.8	10,115.3		132,350.1
Other liabilities					18,488.9
Total equity and liabilities					**321,010.6**

6.3 *Income statement by business segment for the six months ended 30 June 2012*

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Reconciliation with premium income under IFRS: Adjustments relating to the deposit component of financial instruments (IAS 39)	Reconciliation with premium income under IFRS: Premium income under IFRS
	30/06/2012						
Premium income	9,210.9	1,440.0	3,011.8		13,662.6	(391.8)	13,270.8
Net new money	(2,076.8)	383.8	1,521.3		(171.8)		
Net revenue from insurance activities	**782.9**	**124.4**	**579.6**	**55.6**			
General expenses	(197.4)	(48.9)	(170.9)	(24.3)	(441.4)		
EBIT	**585.5**	**75.5**	**408.7**	**31.3**	**1,101.0**		

Finance costs	(80.0)
Share in earnings of associates	0.0
Income tax expense (effective tax rate)	(358.6)
Non-controlling interests	(146.8)
Fair value adjustments on securities held for trading	61.3
Net gains on equities and property	67.6
Non-recurring items	(104.2)

Attributable to owners of the parent	**540.4**

In € millions	Desensitised income statement for the six months ended 30 June 2012
EBIT	**1,101.0**
Net fair value adjustments	110.3
Net gains on equities and property	105.1
Non-recurring items	(163.3)
Operating profit	**1,153.1**

6.4 *Income statement by business segment for the six months ended 30 June 2011*

In € millions	Savings	Pensions	Personal risk	Other (excluding insurance)	Total	Reconciliation with premium income under IFRS: Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
	30/06/2011						
Premium income	10,801.8	2,127.9	2,843.8		15,773.5	(497.3)	15,276.2
Net new money	1,837.4	1,081.0	1,643.3		4,561.6		
Net revenue from insurance activities	**829.7**	**169.4**	**487.9**	**61.7**	**1,548.6**		
General expenses	(210.4)	(49.8)	(171.6)	(21.0)	(452.9)		
EBIT	**619.3**	**119.5**	**316.3**	**40.7**	**1,095.8**		

Finance costs	(70.2)
Share in earnings of associates	0.0
Income tax expense (effective tax rate)	(339.9)
Non-controlling interests	(133.5)
Fair value adjustments on securities held for trading	24.4
Net gains on equities and property	13.6
Non-recurring items	(47.1)
Attributable to owners of the parent	**543.2**

In € millions	**Desensitised income statement for the six months ended 30 June 2011**
EBIT	**1,095.8**
Net fair value adjustments	37.3
Net gains on equities and property	27.4
Non-recurring items	(72.0)
Operating profit	**1,088.5**

Note 7. Intangible assets

7.1 Intangible assets by category

In € millions	30/06/2012 Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**695.5**	**0.0**	**(179.0)**	**0.0**	**516.5**
Value of business In-Force	**462.8**	**(204.9)**	**(147.1)**	**0.0**	**110.8**
Distribution agreements	**141.2**	**(16.0)**	**(4.8)**	**0.0**	**120.4**
Software	**284.8**	**(210.2)**	**0.0**	**0.0**	**74.6**
** Internally-developed software*	117.1	(81.0)	0.0	0.0	*36.1*
** Other software*	167.7	(129.2)	0.0	0.0	*38.5*
Other intangible assets*	**170.4**	**(35.5)**	**(47.0)**	**(59.1)**	**28.8**
TOTAL	**1,754.7**	**(466.6)**	**(377.9)**	**(59.1)**	**851.1**

In € millions	31/12/2011 Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**712.9**	**0.0**	**(179.0)**	**0.0**	**533.9**
Value of business In-Force	**470.2**	**(204.4)**	**(147.1)**	**0.0**	**118.7**
Distribution agreements	**141.2**	**(13.2)**	**(4.8)**	**0.0**	**123.2**
Software	**277.2**	**(210.3)**	**(0.1)**	**0.0**	**66.8**
** Internally-developed software*	107.9	(78.9)	0.0	0.0	*29.0*
** Other software*	169.3	(131.4)	(0.1)	0.0	*37.8*
Other intangible assets*	**161.9**	**(20.2)**	**(12.0)**	**(49.1)**	**80.6**
TOTAL	**1,763.4**	**(448.1)**	**(343.0)**	**(49.1)**	**923.2**

The Other intangible assets schedule at 31 December 2011 was adjusted as follows: an amount of €49.1 million was transferred from the "Cost" to the "Reversals" column in order to display the amount initially estimated for the intangible asset related to the reform of the French pension system in "Cost".

* Since 31 December 2010, "Other intangible assets" includes the intangible asset related to the reform of the French pension system. The decrease of the intangible asset from a gross amount of €161.9 million to a carrying amount of €28.5 million at 30 June 2012 corresponds to:

- a negative amount of €59.1 million related to a downward revision of the impact of the reform on technical reserves (in the income statement, this impact together with the adjustment to the corresponding amortisation, is almost completely offset by the related adjustment to reinsurers' share in technical reserves);
- a negative amount of €46.9 million due to the decision to finance the increased provisions required under the reform by reallocating existing provisions. This reallocation resulted in the reversal of existing provisions which offset the impairment losses booked on intangible assets in the income statement and it was based on an analysis of existing margins performed on a sample of the contracts concerned;
- a negative amount of €27.4 million in accumulated amortisation, including €7.2 million for the first six months of the year.

7.2 Goodwill

7.2.1 Goodwill by company

In € millions	**Original goodwill**	**Net goodwill at 30 June 2012**	**Net goodwill at 31 December 2011**
La Banque Postale Prévoyance	45.8	22.9	22.9
CAIXA group	360.6	233.3	249.1
CNP UniCredit Vita	366.5	170.3	170.9
Laiki Insurance Holdings Ltd	81.6	79.7	79.7
Barclays Vida y Pensiones	55.9	10.4	11.3
TOTAL	**910.4**	**516.5**	**533.9**

The Group ascertained that no two indicators of impairment were detected simultaneously for any of its material CGUs at 30 June 2012 and consequently it did not carry out any goodwill impairment testing.

The decrease in the value of goodwill attributable to Barclays Vida y Pensiones is due to adjustments to the acquisition price booked over the period.

Goodwill impairment testing was performed at 31 December 2011 in accordance with the procedures described in Note 7.2.1 "Goodwill by company" to the audited consolidated financial statements for the year ended 31 December 2011 included in the 2011 Registration Document.

7.2.2 Changes in goodwill for the period

In € millions	**30/06/2012**	**31/12/2011**
Carrying amount at the beginning of the period	**533.9**	**682.5**
Goodwill recognised during the period	0.0	0.0
Adjustments to provisional accounting	0.0	0.0
Adjustments resulting from changes in earnouts(1)	(1.0)	(50.6)
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0
Translation adjustment on gross value	(18.1)	(25.1)
Other movements	(0.6)	(1.1)
Impairment losses recognised during the period(2)	0.0	(75.0)
Translation adjustment on movements during the period	2.3	3.2
Increase in interest rates	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**516.5**	**533.9**

(1) The decrease in the value of goodwill is due to adjustments to the acquisition price – actually paid, or estimated and relating to future periods – that were booked during the period, particularly in relation to Barclays Vida y Pensiones.

(2) Impairment losses are reported in the income statement under "Change in fair value of intangible assets".

7.3 Value of In-Force business and distribution agreements

7.3.1 Value of business In-Force

In € millions	*Original value*	*Carrying amount at 30 June 2012*	*Carrying amount at 31 December 2011*
CAIXA group	122.6	4.5	5.6
CNP UniCredit Vita	175.3	0.0	0.0
CNP Vida	24.0	0.0	0.0
CNP Seguros de Vida	0.9	0.0	0.0
Laiki Insurance Holdings Ltd	44.4	31.8	33.0
Barclays Vida y Pensiones	101.4	69.3	73.9
MFPrévoyance*	8.3	5.2	6.2
TOTAL	**476.9**	**110.8**	**118.7**

* At 31 December 2011, In-Force business was recognised for an amount of €8.3 million before taxes following completion of the acquisition audit work, based on a 100% share.

7.3.2 Changes in the value of business In-Force

In € millions	**30/06/2012**	**31/12/2011**
Gross at the beginning of the period	**470.2**	**472.1**
Newly-consolidated companies	0.0	8.3
Translation adjustments	(7.4)	(10.2)
Acquisitions for the period	0.0	0.0
Disposals for the period	0.0	0.0
Gross at the end of the period	462.8	470.2
Accumulated amortisation and impairment at the beginning of the period	(351.5)	(344.3)
Translation adjustments	7.1	9.6
Amortisation for the period	(7.6)	(16.8)
Impairment losses recognised during the period	0.0	0.0
Impairment losses reversed during the period	0.0	0.0
Disposals for the period	0.0	0.0
Accumulated amortisation and impairment at the end of the period	(352.0)	(351.5)
Carrying amount at the end of the period	**110.8**	**118.7**

7.3.3 Distribution agreements

In € millions	**30/06/2012**	**31/12/2011**
Carrying amount at the beginning of the period	**123.2**	**170.6**
Acquisitions for the period	0.0	0.0
Amortisation for the period	(2.8)	(3.6)
Adjustments	0.0	(39.0)
Impairment losses recognised during the period*	0.0	(4.8)
Translation adjustments	0.0	0.0
Other movements	0.0	0.0
Carrying amount at the end of the period	**120.4**	**123.2**

* Impairment losses are reported in the income statement under “Change in fair value of intangible assets”.

7.4 Software and other intangible assets

7.4.1 Internally-developed software

In € millions	30/06/2012	31/12/2011
Carrying amount at the beginning of the period	**29.0**	**20.7**
Acquisitions for the period	9.4	14.0
Amortisation for the period	(2.2)	(5.9)
Impairment losses	(0.1)	0.0
Translation adjustments	0.0	0.0
Other movements	0.0	0.2
Carrying amount at the end of the period	**36.1**	**29.0**

7.4.2 Other software and other intangible assets

In € millions	30/06/2012	31/12/2011
Carrying amount at the beginning of the period	**118.4**	**176.7**
Acquisitions for the period	9.8	17.2
Amortisation for the period	(13.4)	(30.2)
Impairment losses	(46.1)	(13.0)
Translation adjustments	(1.4)	(0.7)
Other movements	0.0	(31.6)
Carrying amount at the end of the period	**67.3**	**118.4**

Note 8. Investment and owner-occupied property

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

It presents:

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

8.1 Investment property

Carrying amount of investment property (*In € millions*)	30/06/2012	31/12/2011
Investment property measured by the cost model		
Gross value	1,615.5	1,568.7
Accumulated depreciation	(318.5)	(304.2)
Accumulated impairment losses	(30.4)	(28.4)
Carrying amount	**1,266.6**	**1,236.1**
Investment property measured by the fair value model		
Gross value	513.3	511.5
Total investment property	**1,779.9**	**1,747.6**

Investment property (other than property held in unit-linked portfolios) (*In € millions*)	30/06/2012	31/12/2011
Carrying amount at the beginning of the period	**1,236.1**	**792.7**
Acquisitions	49.6	619.5
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(1.4)	(164.6)
Depreciation for the period	(20.5)	(1.3)
Impairment losses recognised during the period	0.0	(12.8)
Impairment losses reversed during the period	2.2	2.6
Translation adjustments	0.0	0.0
Other movements	0.6	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**1,266.6**	**1,236.1**

Investment property held in unit-linked portfolios (*In € millions*)	**30/06/2012**	**31/12/2011**
Carrying amount at the beginning of the period	**511.5**	**485.3**
Acquisitions	0.0	5.8
Post-acquisition costs included in the carrying amount of property	0.7	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	0.0	(0.6)
Net gains (losses) arising from remeasurement at fair value	1.1	29.1
Translation adjustments	0.0	0.0
Other movements	0.1	(8.2)
Carrying amount at the end of the period	**513.3**	**511.5**

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

8.2 Owner-occupied property and other property and equipment

Owner-occupied property (*In € millions*)	**30/06/2012**	**31/12/2011**
Carrying amount at the beginning of the period	**187.8**	**167.6**
Acquisitions	21.2	28.3
Post-acquisition costs included in the carrying amount of property	0.1	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	0.0	0.0
Depreciation for the period	(1.5)	(4.9)
Impairment losses recognised during the period	0.3	(2.8)
Impairment losses reversed during the period	0.0	2.2
Translation adjustments	(3.7)	(2.6)
Transfers	0.0	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**204.2**	**187.8**

Other property and equipment (*In € millions*)	**30/06/2012**	**31/12/2011**
Carrying amount at the beginning of the period	**64.6**	**85.1**
Acquisitions for the period	6.7	17.3
Depreciation for the period	(9.8)	(18.0)
Disposals for the period	(0.2)	(0.1)
Translation adjustments	(0.8)	(2.0)
Other movements	0.0	(17.7)
Carrying amount at the end of the period	**60.5**	**64.6**

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 Analysis of investments

In € millions		30/06/2012 Impairment	30/06/2012 Carrying amount	31/12/2011 Impairment	31/12/2011 Carrying amount
Assets at fair value through profit or loss	Fixed-rate bonds		10,300.4		10,766.1
	Variable-rate bonds		18,703.6		16,224.6
	TCNs (money market securities)		225.0		395.5
	Equities		4,689.8		4,944.7
	Mutual fund units		26,920.4		26,676.4
	Shares in non-trading property companies		1,429.8		1,396.1
	Other (including lent securities and repos)		1.0		1.4
	Total		**62,270.1**		**60,404.9**
Derivative instruments	Derivative instruments (positive fair value)		4,485.0		3,583.3
	Derivative instruments (negative fair value)		(4,575.1)		(3,179.2)
	Total		**(90.1)**		**404.1**
Available-for-sale financial assets	Fixed-rate bonds	0.0	162,662.1	(1,312.1)	152,023.9
	Variable-rate bonds	(87.1)	26,484.9	(91.5)	25,636.6
	TCNs (money market securities)	0.0	14,342.6	0.0	15,370.0
	Equities	(5,432.6)	9,549.7	(6,072.9)	13,392.9
	Mutual fund units	(408.4)	14,827.8	(433.6)	14,225.1
	Shares in non-trading property companies	(126.2)	4,110.1	(124.5)	3,713.9
	Non-voting loan stock	(1.3)	63.2	(1.1)	62.2
	Other (including lent securities and repos)	(713.9)	7,686.1	(584.9)	7,284.3
	Total	**(6,769.5)**	**239,726.5**	**(8,620.6)**	**231,708.9**
Held-to-maturity investments	Fixed-rate bonds	(37.4)	924.8	(42.4)	1,028.7
	Total	**(37.4)**	**924.8**	**(42.4)**	**1,028.7**
Loans and receivables	Loans and receivables	0.0	4,349.5	0.0	4,429.5
	Total	**0.0**	**4,349.5**	**0.0**	**4,429.5**
Investment property	Investment property at amortised cost	(30.5)	1,266.6	(28.4)	1,236.1
	Investment property at fair value		513.3		511.5
	Total	**(30.5)**	**1,779.9**	**(28.4)**	**1,747.6**
TOTAL		**(6,837.4)**	**308,960.6**	**(8,691.4)**	**299,723.8**

Investments at fair value through profit or loss at 30 June 2012

	Carrying amount		
	Unit-linked	Traditional savings	*Total*
Fixed-rate bonds	5,517.9	4,782.5	*10,300.4*
Variable-rate bonds	8,363.0	10,340.6	*18,703.6*
TCNs (money market securities)	0.0	225.0	*225.0*
Equities	289.4	4,400.4	*4,689.8*
Mutual fund units	15,368.3	11,552.1	*26,920.4*
Shares in non-trading property companies	0.0	1,429.8	*1,429.8*
Other	0.0	1.0	*1.0*
Total	**29,538.7**	**32,731.5**	*62,270.1*

9.1.2 Reconciliation of insurance investments in the balance sheet to investments analysed in Note 9.1.1

In € millions	*30/06/2012*	*31/12/2011*
Analysis of investments	308,960.6	299,723.8
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(4,575.1)	(3,179.2)
Balance sheet – Assets – Insurance investments	313,535.8	302,902.9
Variance	**0.0**	**0.0**

9.2 *Measurement of assets recognised at fair value*

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

9.2.1 Valuation methods at 30 June 2012

	30/06/2012			
In € millions	**Category 1: last available quotation of assets quoted in an active market**	**Category 2: estimated market value using valuation model based on observable market inputs**	**Category 3: estimated market value using valuation model not based solely on observable market inputs**	**Total**
Financial assets at fair value through profit or loss(1)	50,303.2	16,271.7	180.3	**66,755.2**
Change in fair value through profit or loss(2)	*143.2*	*(33.8)*	*0.3*	***109.7***
Available-for-sale financial assets	211,656.4	27,789.2	281.0	**239,726.6**
Change in fair value through equity(3)	*340.0*	*26.5*	*3.7*	***370.2***
Held-to-maturity investments(4)	724.1	246.6	0.0	**970.7**
Total financial assets	**262,683.7**	**44,307.5**	**461.3**	**307,452.5**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding linked liabilities)	586.6	304.9	0.0	**891.5**
Financial liabilities (linked liabilities) – financial instruments without DPF	3,922.9	26.0	0.0	**3,948.9**
Derivative instruments		4,575.1	0.0	**4,575.1**
Total financial liabilities	**4,509.5**	**4,906.0**	**0.0**	**9,415.5**

(1) Includes derivative financial instruments (assets).

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

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

All sovereign debt securities were marked to market and classified in category 1.

9.2.2 Valuation methods at 31 December 2011

In € millions	31/12/2011 Category 1: last available quotation of assets quoted in an active market	Category 2: estimated market value using valuation model based on observable market inputs	Category 3: estimated market value using valuation model not based solely on observable market inputs	Total
Financial assets at fair value through profit or loss (1)	48,268.2	15,679.7	40.3	**63,988.2**
Change in fair value through profit or loss (2)	*(179.8)*	*(106.7)*	*(5.1)*	***(291.6)***
Available-for-sale financial assets	205,130.6	26,292.4	285.9	**231,708.9**
Change in fair value through equity (3)	*(351.6)*	*(9.6)*	*1.5*	***(359.7)***
Held-to-maturity investments (4)	874.8	157.2	0.0	**1,032.0**
Total financial assets	**254,273.6**	**42,129.3**	**326.2**	**296,729.1**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities – financial instruments without DPF (excluding linked liabilities)	624.6	328.0	0.0	**952.6**
Financial liabilities (linked liabilities) – financial instruments without DPF	3,832.8	30.7	0.0	**3,863.5**
Derivative instruments		3,179.2	0.0	**3,179.2**
Total financial liabilities	**4,457.4**	**3,537.9**	**0.0**	**7,995.3**

(1) Includes derivative financial instruments (assets).

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

(3) Net of deferred participation and deferred taxes.

(4) Disclosed at fair value.

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

In € millions	30/06/2012 Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV through profit or loss	Impact of sales of available-for-sale financial assets	Remeasurement at fair value through equity	Remeasurement at fair value through profit or loss	Impairment	Closing carrying amount
Financial assets at fair value through profit or loss	40.3	100.1	0.0	40.5	0.0	0.0	0.0	0.0	(0.6)	0.0	180.3
Available-for-sale financial assets	285.9		0.0	0.1	(12.3)	0.0	0.0	7.3	0.0	0.0	281.0
Held-to-maturity investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total financial assets	**326.2**	**100.1**	**0.0**	**40.6**	**(12.3)**	**0.0**	**0.0**	**7.3**	**(0.6)**	**0.0**	**461.3**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.2.4 Reconciliation of movements for the period in securities measured using a valuation model not based solely on observable market inputs

In € millions	31/12/2011										
	Opening carrying amount	Acquisitions	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at FV with change in FV through profit or loss	Impact of sales of available-for-sale financial assets	Remeasurement at fair value through equity	Remeasurement at fair value through profit or loss	Impairment	Closing carrying amount
Financial assets at fair value through profit or loss	27.7	0.0	0.0	20.5	0.0	0.0	0.0	0.0	(7.9)	0.0	40.3
Available-for-sale financial assets	267.8	9.3	0.0	6.2	0.0	0.0	0.0	2.5	0.0	0.0	285.9
Held-to-maturity investments	6.2	0.0	0.0	0.0	(6.2)	0.0	0.0	0.0	0.0	0.0	0.0
Total financial assets	**301.7**	**9.3**	**0.0**	**26.7**	**(6.2)**	**0.0**	**0.0**	**2.5**	**(7.9)**	**0.0**	**326.2**
Total financial liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.3 Derivative instruments

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

In € millions	30/06/2012											
	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	83.3	(92.5)	345.1	(489.7)	1,150.7	(1,286.5)	819.4	(997.4)	1,139.4	(1,353.8)	3,537.8	(4,219.9)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	0.1	0.0	105.8	(23.0)	588.8	(189.3)	121.5	(52.5)	23.3	(23.7)	839.5	(288.4)
Equity	97.2	(55.2)	10.5	0.0	0.0	0.0	0.0	0.0	0.0	(11.6)	107.7	(66.8)
Total	**180.6**	**(147.7)**	**461.4**	**(512.7)**	**1,739.5**	**(1,475.8)**	**940.9**	**(1,049.9)**	**1,162.7**	**(1,389.1)**	**4,485.0**	**(4,575.1)**

In € millions	31/12/2011											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due beyond 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	26.0	(183.0)	280.3	(393.1)	904.6	(901.5)	479.1	(529.0)	815.6	(732.4)	2,505.5	(2,738.9)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap/Floor	1.1	(0.1)	116.3	(26.9)	574.8	(128.6)	150.7	(57.9)	15.9	(16.0)	858.9	(229.5)
Equity	205.8	(199.2)	13.0	0.0	0.0	0.0	0.0	0.0	0.0	(11.6)	218.9	(210.8)
Total	**232.9**	**(382.2)**	**409.7**	**(420.0)**	**1,479.4**	**(1,030.1)**	**629.8**	**(586.9)**	**831.5**	**(760.0)**	**3,583.3**	**(3,179.2)**

9.4 Derivative instruments used qualifying for hedge accounting

In € millions	30/06/2012	31/12/2011
	Currency swap	
Notional amount	**339.6**	**339.6**
Cash flow hedge reserve	**0.4**	**6.3**
Change in cash flow hedge reserve during the period	16.6	29.5
Cash flow hedge reserve recycled through profit or loss during the period	(15.9)	(19.6)
Deferred taxes	(0.3)	(3.6)

This derivative instrument is a cross-currency swap used to hedge against fluctuations in the euro-sterling exchange rate through 30 September 2021 that could impact interest and principal repayments on sterling-denominated notes issued by the Group in 2011. It qualifies for hedge accounting as a cash flow hedge (see Note 3.10.3). At 30 June 2012, no amount had been recognised in profit or loss for the ineffective portion of the hedge.

9.5 *Classification of investments by type of asset and by geographic region*

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

Analysis of sovereign debt risk exposure

List of countries (for information)	30/06/2012			31/12/2011		
	Gross exposure Carrying amount*	Gross exposure Fair value	Net exposure Fair value	Gross exposure Carrying amount*	Gross exposure Fair value	Net exposure Fair value
France	62,525.9	68,133.6	3,558.0	56,733.2	59,083.2	3,019.6
Italy	10,973.5	9,797.7	700.6	12,647.8	10,690.7	1,088.9
Belgium	9,141.5	9,825.7	280.4	9,352.7	9,225.5	319.2
Spain	5,125.5	4,259.7	341.6	6,283.5	5,778.7	426.5
Austria	5,729.0	6,424.7	152.6	6,447.9	6,794.1	200.9
Brazil	1,348.9	1,443.7	866.3	940.0	980.5	588.0
Portugal	2,720.7	1,978.1	54.4	3,253.5	1,821.1	100.8
Netherlands	532.6	566.9	20.5	750.3	793.1	28.3
Ireland	2,199.4	1,880.3	42.1	2,230.0	1,717.7	48.1
Germany	3,933.4	4,330.6	234.4	4,465.3	4,862.5	293.9
Greece	4.4	2.0	0.1	578.4	578.4	22.7
Finland	104.6	117.1	5.9	401.6	430.6	10.6
Poland	341.5	366.4	17.2	270.2	258.5	15.2
Luxembourg	0.0	0.0	0.0	196.6	208.7	20.2
Sweden	3.2	4.4	2.4	103.3	107.7	2.8
Denmark	193.1	207.0	3.6	195.3	203.0	4.5
Slovenia	272.5	247.8	4.2	312.6	263.7	5.9
United Kingdom	69.8	153.4	0.0	70.1	158.1	0.0
Canada	614.2	685.5	60.5	747.5	804.3	64.1
Cyprus	23.9	14.9	14.9	23.9	15.9	15.9
Other	6,899.9	7,547.5	514.6	5,886.9	6,215.5	478.4
Total	**112,757.7**	**117,986.9**	**6,874.4**	**111,890.6**	**110,991.7**	**6,754.3**

* *Carrying amount, including accrued coupon.*

The Group's gross and net exposure to sovereign debt at 30 June 2012 amounts to €118 billion and €6.9 billion, respectively at current market value. Virtually all of the securities concerned are classified as available-for-sale financial assets. The Group's exposure is calculated based on asset values and before non-controlling interests.

The calculation of net exposure has been standardised at Group level and reflects both the current market environment and policies concerning deferred participation: calculating net exposure from gross exposure **takes account of the impacts of deferred taxes and deferred participation** based on shadow accounting principles. In accordance with these principles, a change in the deferred participation reserve is recorded to offset unrealised gains or losses on financial assets taking into account contractual participation obligations and the Group's policyholder bonus policy (see Notes 3.18 and 3.13.2, respectively, regarding the Group's accounting policies for more information). The relatively low weighting of contracts with a guaranteed rate of return and the Group's ability to allocate losses on financial assets to policyholders over the long term, reinforces the validity of this approach to presenting the impact of net exposure.

The apparent 5.8% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 64% corresponding to the impact of the average weighted tax rate on the Group's entities) and a deferred participation impact greater than that which would be assumed on the basis of the regulatory participation minimum (a 9.1% factor, supplementing the effective participation rate which corresponds to shareholders' entitlements to unrealised gains or losses). The combination of these two impacts (taxes and deferred participation) results in a ratio of 5.8% (64% multiplied by 9.1%) of net exposure to gross exposure.

The difference between gross and net exposure does not necessarily represent the loss that would be borne by policyholders. The recoverability of successive losses on sovereign debt is limited by the following:

- the policyholder surplus reserve which totalled €2.8 billion at 30 June 2012 for France.
- the Group's ability to lower the discretionary participation it pays to policyholders. In France, the estimated minimum guaranteed interest rate is approximately 0.9% for a provisional DPF rate similar to that at end-2011, whereas in Italy, Spain and Portugal, this ability is limited by the applicable minimum guaranteed rates.
- unrealised gains, especially on property (€3.2 billion) and on equities (€1.9 billion). These amounts were taken into account when testing deferred participation assets for recoverability.

In the absence of an incurred loss, no sovereign debt securities have been impaired. The vast majority of Irish and Portuguese sovereign debt held by the Group has an average residual maturity of between five and ten years.

The Group has no material exposure to non-sovereign Greek debt securities or to credit default swaps with sovereign debt underlyings.

9.6 Commitments given and received

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

Commitments given correspond mainly to securities pledged to reinsurers under the terms of outward reinsurance contracts and the guarantee that CNP Assurances gives to Crédit Immobilier de France in respect of CNP Caution's maximum exposure.

There were no material changes in commitments given or received during the six months to 30 June 2012 when compared with the disclosures in the 2011 Registration Document.

Note 10. Analysis of insurance and financial liabilities

10.1 Analysis of insurance and financial liabilities at 30 June 2012

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

In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**6,837.0**	**5,995.0**	**841.9**
Unearned premium reserves	491.2	471.6	19.6
Outstanding claims reserves	885.9	715.7	170.2
Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	81.1	78.6	2.5
Other technical reserves	5,378.7	4,729.0	649.7
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**129,162.4**	**121,740.4**	**7,422.1**
Unearned premium reserves	124,014.8	116,777.3	7,237.6
Outstanding claims reserves	1,866.9	1,786.6	80.3
Policyholder surplus reserve	3,270.3	3,166.1	104.2
Other technical reserves	10.4	10.4	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**150,098.7**	**150,111.6**	**(12.9)**
Unearned premium reserves	146,939.8	146,952.7	(12.9)
Outstanding claims reserves	2,176.3	2,176.3	0.0
Policyholder surplus reserve	982.6	982.6	0.0
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,840.5**	**4,695.6**	**144.9**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**6,435.0**	**6,435.0**	**0.0**
Total insurance and financial liabilities	**297,373.5**	**288,977.5**	**8,396.0**
Deferred participation asset	**(307.2)**	**(307.2)**	**0.0**

10.2 Analysis of insurance and financial liabilities at 31 December 2011

In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**6,627.8**	**5,796.8**	**831.0**
Unearned premium reserves	376.9	362.2	14.6
Outstanding claims reserves	889.7	711.1	178.5
Bonuses and rebates (including claims equalisation reserve on Group business maintained in liabilities)	74.6	72.7	1.9
Other technical reserves	5,286.7	4,650.7	636.0
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**125,722.3**	**118,446.3**	**7,276.1**
Unearned premium reserves	121,003.9	113,791.9	7,212.0
Outstanding claims reserves	1,828.1	1,765.3	62.8
Policyholder surplus reserve	2,848.7	2,847.5	1.3
Other technical reserves	41.6	41.6	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**151,602.5**	**151,598.1**	**4.4**
Unearned premium reserves	149,485.1	149,480.7	4.4
Outstanding claims reserves	2,026.9	2,026.9	0.0
Policyholder surplus reserve	90.5	90.5	0.0
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,816.2**	**4,669.6**	**146.6**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**535.7**	**535.7**	**0.0**
Other (net deferred acquisition costs)	**0.0**	**0.0**	**0.0**
Total insurance and financial liabilities	**289,304.6**	**281,046.5**	**8,258.1**
Deferred participation asset	**(620.9)**	**(620.9)**	**0.0**

Note 11. Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 30 June 2012 and at 31 December 2011:

In € millions	**30/06/2012**	**31/12/2011**
Earned premiums not yet written	3,702.6	2,273.9
Other insurance receivables	623.7	534.8
Reinsurance receivables	138.0	87.9
Total	**4,464.3**	**2,896.7**
Doubtful receivables	3.5	3.4

Note 12. Insurance and reinsurance liabilities

This note discloses details of insurance and reinsurance liabilities at 30 June 2012 and at 31 December 2011:

In € millions	**30/06/2012**	**31/12/2011**
Cash deposits received from reinsurers	242.2	240.6
Liabilities arising from insurance transactions	2,732.3	1,081.8
Liabilities arising from reinsurance transactions	494.4	450.1
Deferred acquisition costs	8.9	9.7
Total	**3,477.8**	**1,782.2**

Note 13. Revenue

Revenue comprises:

- earned premiums;
- loadings on premiums on financial instruments without DPF, reported under “Revenue from other activities”.

13.1 Earned premiums and revenue from other activities

In € millions

Business segment and contract type	30/06/2012	30/06/2011
Insurance contracts	**9,887.3**	**11,655.7**
Life	**8,467.7**	**10,343.2**
Pure premiums	7,863.3	9,713.5
Loadings	604.4	629.7
Non-life	**1,419.6**	**1,312.5**
Pure premiums	1,046.7	924.2
Loadings	373.0	388.4
Financial instruments with DPF	**3,347.4**	**3,580.8**
Pure premiums	3,300.3	3,525.9
Loadings	47.1	54.9
Earned premiums	**13,234.7**	**15,236.5**

In € millions

Revenue from other activities	30/06/2012	30/06/2011
Financial instruments without DPF	**64.8**	**46.4**
Loadings	64.8	46.4
On premiums	36.0	39.7
On outstandings	28.8	6.7
Services (IAS 18)	**53.3**	**58.4**
Other activities	**1.1**	**1.0**
Total	**119.3**	**105.7**

13.2 Reconciliation to reported revenue

In € millions	30/06/2012	30/06/2011
Earned premiums	13,234.7	15,236.5
Loadings on premiums on financial instruments without DPF (IAS 39)	36.0	39.7
Total	**13,270.8**	**15,276.2**

13.3 Revenue by distribution partners

In € millions	30/06/2012	30/06/2011
La Banque Postale	4,846.4	4,874.4
Caisse d'Epargne	3,559.7	4,872.3
CNP Trésor	315.2	326.4
Financial institutions	735.4	713.5
Companies and local authorities	836.4	854.7
Mutual insurance societies	447.6	364.8
Foreign subsidiaries	2,482.5	3,226.1
Other	47.4	43.9
Total revenue	**13,270.8**	**15,276.2**

13.4 Revenue by business segment

In € millions	30/06/2012	30/06/2011
Savings	**8,829.5**	**10,385.3**
Pensions	**1,429.4**	**2,047.6**
Personal risk	1,005.7	910.5
Loan insurance	1,569.5	1,518.4
Health insurance	261.0	241.3
Property & Casualty	175.7	173.0
Sub-total personal risk and other	**3,011.9**	**2,843.3**
Other business segments	**0.0**	**0.0**
Total revenue	**13,270.8**	**15,276.2**

13.5 Revenue by company

In € millions	30/06/2012	30/06/2011
CNP Assurances	9,416.1	10,800.9
CNP IAM	1,068.8	1,054.6
Préviposte	102.3	121.3
ITV	24.0	21.2
CNP International	0.0	0.0
La Banque Postale Prévoyance	90.3	95.5
MFPrévoyance	109.5	N/A
CNP Seguros de Vida	28.4	11.9
CAIXA Seguros	1,287.4	1,400.9
CNP UniCredit Vita	699.3	672.9
CNP Vida	96.4	80.3
Laiki Insurance Holdings Ltd	94.8	107.6
CNP Europe Life	5.9	448.7
Barclays Vida y Pensiones	247.6	460.4
Total revenue	**13,270.8**	**15,276.2**

13.6 Revenue by country

In € millions	Under IFRS		Under French GAAP	
	30/06/2012	Year-on-year change	30/06/2012	Year-on-year change
France	10,788.3	-10.5%	10,800.0	-11.0%
Italy	820.9	-4.0%	938.2	-8.5%
Portugal	14.3	-91.8%	66.9	-67.6%
Brazil	1,287.4	-8.1%	1,497.1	-6.9%
Argentina	28.4	140.0%	28.4	140.0%
Spain	230.6	1.5%	230.6	1.5%
Cyprus	94.8	-11.9%	95.3	-14.3%
Ireland	5.9	-98.7%	5.9	-98.7%
Other	0.0	-94.9%	0.0	-94.9%
Total revenue	**13,270.8**	**-13.1%**	**13,662.6**	**-13.4%**

13.7 Direct and inward reinsurance premiums

In € millions	30/06/2012	30/06/2011
Insurance premiums	12,815.9	14,808.9
Inward reinsurance premiums	454.9	467.3
Total revenue	**13,270.8**	**15,276.2**

Note 14. Investment income

14.1 Investment income and expense

This note discloses the main income, expenses, profits and losses generated by financial assets and liabilities that have been recognised in profit or loss or directly in equity for the periods ended 30 June 2011 and 30 June 2012.

In € millions		30/06/2012	30/06/2011
Available-for-sale financial assets	Interest on loans	4,126.2	4,235.1
	Income from other financial assets	594.4	743.8
	Capital gains and losses on disposals	(1,477.8)	62.6
	Impairment	1,851.3	(300.6)
	Net income from available-for-sale financial assets	**5,094.1**	**4,740.8**
Held-to-maturity investments	Interest on loans	48.1	54.6
	Other income	0.0	0.5
	Impairment	5.1	4.5
	Net income from held-to-maturity investments	**53.2**	**59.6**
Loans and receivables	Interest on loans	(31.2)	27.4
	Interest on debt securities	0.0	0.0
	Other income	0.0	0.0
	Impairment	0.0	0.0
	Net income from loans and receivables	**(31.2)**	**27.4**
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	2,416.2	385.1
	Profit (loss) on derivative instruments held for trading and hedging	(568.7)	(50.9)
	Capital gains and losses on disposals	118.2	(54.4)
	Net income (expense) from financial assets at fair value through profit or loss	**1,965.8**	**279.8**
Investment property	Rent and other revenue	120.2	136.7
	Fair value adjustments	1.1	(0.6)
	Capital gains and losses on disposals	0.8	0.0
	Net income from investment property	**122.1**	**136.2**
Other investment expenses		**(110.4)**	**(115.4)**
Dilution gain		**0.0**	**0.0**
TOTAL INVESTMENT INCOME		**7,093.6**	**5,128.4**
Interest on subordinated debt at amortised cost		(80.0)	(70.2)
Interest on subordinated debt at fair value		0.0	0.0
Total finance costs		**(80.0)**	**(70.2)**
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		**7,013.6**	**5,058.1**

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

	30/06/2012	30/06/2011
Investment income before finance costs	7,262.2	5,295.7
Investment and other financial expenses, excluding finance costs	(168.6)	(167.4)
Finance costs	(80.0)	(70.2)
Total	**7,013.6**	**5,058.1**

14.2 Impairment

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

In € millions	30/06/2012	30/06/2011
Available-for-sale financial assets	**(462.2)**	**(495.1)**
Fixed-rate bonds	(3.3)	(357.4)
Variable-rate bonds	(2.5)	(3.6)
TCNs (money market securities)	0.0	0.0
Equities	(395.6)	(116.3)
Equity funds	(6.6)	(5.4)
Non-voting loan stock	(0.3)	0.0
Other (including mutual fund units)	(53.9)	(12.4)
Held-to-maturity investments	**0.0**	**0.0**
Loans and receivables	**0.0**	**0.0**
Total impairment expense	**(462.2)**	**(495.1)**

Available-for-sale financial assets	**2,313.4**	**194.5**
Fixed-rate bonds	1,315.4	96.5
Variable-rate bonds	6.9	49.6
TCNs (money market securities)	0.0	0.0
Equities	943.6	17.3
Equity funds	32.1	21.5
Non-voting loan stock	0.2	0.0
Other (including mutual fund units)	15.2	9.6
Held-to-maturity investments	**5.1**	**4.5**
Loans and receivables	**0.0**	**0.0**
Total impairment reversals	**2,318.5**	**199.0**

Net change in impairment provisions	**1,856.3**	**(296.1)**

Impairment of equities in first-half 2012 includes additional impairment booked on GDF Suez, UniCredit and Carrefour shares.

Impairment reversals on fixed-rate bonds includes the €1.3 billion write-down taken on Greek bonds in 2011 which was reversed following derecognition of the bonds as part of the Greek sovereign debt securities exchange plan.

Note 15. Income tax expense

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

In € millions	**30/06/2012**	**30/06/2011**
Current tax	234.8	356.7
Deferred tax	141.8	(20.5)
Income tax expense	**376.6**	**336.2**

In € millions	**30/06/2012**	**30/06/2011**
Profit for the period	696.5	677.3
Tax rate	35.09%	33.17%
Income tax expense	**376.6**	**336.2**