CNP ASSURANCES
CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2012*

L'assureur de toute une vie

CONTENTS

2012 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS In € millions	Notes	31.12.2012	31.12.2011
Goodwill	7	334.2	533.9
Value of business In-Force	7	103.1	118.7
Other intangible assets	7	209.6	270.7
Total intangible assets		**646.8**	**923.2**
Investment property	8	2,528.0	1,747.6
Held-to-maturity investments	9	854.1	1,028.7
Available-for-sale financial assets	9	255,287.7	231,708.9
Securities held for trading	9	65,492.2	60,404.9
Loans and receivables	9	4,967.4	4,429.5
Derivative instruments	9	4,340.8	3,583.3
Insurance investments		**333,470.2**	**302,902.9**
Banking and other investments		**52.8**	**60.9**
Investments in associates		**0.0**	**0.0**
Reinsurers' share of insurance and financial liabilities	**10**	**8,926.7**	**8,258.1**
Insurance or reinsurance receivables	12	3,035.3	2,896.7
Current tax assets		286.2	405.6
Other receivables	12	4,948.6	3,318.7
Owner-occupied property and other property and equipment	8	264.4	252.4
Other non-current assets		460.0	424.2
Deferred participation asset	10	0.0	620.9
Deferred tax assets	13	169.6	244.1
Other assets		**9,164.1**	**8,162.6**
Non-current assets held for sale		**0.0**	**0.0**
Cash and cash equivalents		**955.2**	**702.8**
TOTAL ASSETS		**353,215.8**	**321,010.6**

EQUITY AND LIABILITIES In € millions	**Notes**	**31.12.2012**	**31.12.2011**
Share capital	4	643.5	594.2
Share premium account		1,321.0	981.5
Revaluation reserve		1,955.5	860.1
Cash flow hedge reserve	9	3.6	6.3
Deeply-subordinated notes	4	2,515.8	2,141.8
Retained earnings		6,672.9	6,337.4
Profit for the period		951.4	871.9
Translation reserve		83.2	201.0
Equity attributable to owners of the parent		**14,146.9**	**11,994.1**
Non-controlling interests		1,441.1	1,223.1
Total equity		**15,588.0**	**13,217.1**
Insurance liabilities (excluding unit-linked)	10	112,800.4	104,836.6
Insurance liabilities (unit-linked)	10	28,455.4	27,513.5
Insurance liabilities		**141,255.8**	**132,350.1**
Financial liabilities - financial instruments with DPF (excluding unit-linked)	10	145,707.7	148,158.2
Financial liabilities - financial instruments without DPF (excluding unit-linked)	10	881.5	952.6
Financial liabilities - unit-linked financial instruments	10	7,913.0	7,308.0
Financial liabilities		**154,502.3**	**156,418.8**
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	10	19,097.8	535.7
Insurance and financial liabilities		**314,855.9**	**289,304.6**
Provisions	**14**	**220.5**	**174.4**
Subordinated debt	11	2,559.6	2,551.2
Financing liabilities		**2,559.6**	**2,551.2**
Operating liabilities represented by securities		4,593.8	3,105.4
Operating liabilities due to banks		129.3	135.4
Liabilities arising from insurance and reinsurance transactions	15	2,062.5	1,782.2
Current taxes payable		355.2	391.0
Current account advances		48.3	346.1
Liabilities towards holders of units in controlled mutual funds		1,085.6	2,091.2
Derivative instruments	9	4,622.4	3,179.2
Deferred tax liabilities	13	1,092.7	286.6
Other liabilities	15	6,002.1	4,446.2
Other liabilities		**19,991.9**	**15,763.2**
Liabilities related to assets held for sale		**0.0**	**0.0**
TOTAL EQUITY AND LIABILITIES		**353,215.8**	**321,010.6**

CONSOLIDATED INCOME STATEMENT

In € millions	Notes	31.12.2012	31.12.2011
Premiums written		26,439.0	30,026.4
Change in unearned premiums reserve		(50.8)	(107.5)
Earned premiums	**16**	**26,388.3**	**29,918.9**
Revenue from other activities	**16**	**201.8**	**226.1**
Other operating revenue		**0.1**	**0.0**
Investment income		10,966.2	11,128.5
Gains and losses on disposal of investments		(767.6)	1,097.5
Change in fair value of financial assets at fair value through profit or loss		5,087.5	(2,575.6)
Impairment losses on financial instruments*		1,648.5	(2,741.8)
Investment income before finance costs	**20**	**16,934.7**	**6,908.6**
Net revenue		**43,524.8**	**37,053.5**
Claims and benefits expenses	17	(35,949.8)	(31,061.5)
Investment and other financial expenses, excluding finance costs	20	(1,212.1)	(476.3)
Reinsurance result	19	43.8	1.2
Expenses of other businesses		(0.9)	0.1
Acquisition costs	18	(3,257.8)	(3,145.1)
Amortisation of value of In-Force business acquired and distribution agreements	7	(20.8)	(20.3)
Contract administration expenses	18	(204.8)	(204.5)
Other recurring operating income and expense, net	18	(442.4)	(310.2)
Total other recurring operating income and expense, net		**(41,044.9)**	**(35,216.7)**
Recurring operating profit		**2,479.9**	**1,836.8**
Other non-recurring operating income and expense, net		0.9	(1.2)
Operating profit		**2,480.7**	**1,835.7**
Finance costs	20	(157.2)	(149.9)
Change in fair value of intangible assets	7	(169.7)	(79.8)
Share of profit of associates		0.0	0.0
Income tax expense	21	(895.5)	(465.0)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Profit for the period		**1,258.4**	**1,141.0**
Non-controlling interests		(307.0)	(269.1)
Attributable to owners of the parent		**951.4**	**871.9**
Basic earnings per share *(in €)*		1.46	1.37
Diluted earnings per share *(in €)*		1.46	1.37

* At 31 December 2012, "Impairment losses on financial instruments" includes reversals of impairment losses related to the sales of securities for an amount of €2,576 million.

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – 2012

In € millions	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**951.4**	**307.0**	**1,258.4**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**974.9**	**22.1**	**997.0**
Available-for-sale financial assets			
Change in revaluation reserve during the period	19,591.4	427.4	20,018.8
Reclassification of proceeds from disposals	(1,706.8)	(15.5)	(1,722.3)
Reclassification of impairment losses to profit or loss	907.3	11.5	918.8
Sub-total including deferred participation and deferred taxes	*18,792.0*	*423.3*	*19,215.3*
Deferred participation including deferred taxes	(17,073.5)	(259.9)	(17,333.4)
Deferred taxes	(623.0)	(53.7)	(676.7)
Sub-total net of deferred participation and deferred taxes	*1,095.4*	*109.8*	*1,205.1*
Cash flow hedge reserve	(2.7)	0.0	(2.7)
Change in cash flow hedge reserve during the period	4.3	0.0	4.3
Cash flow hedge reserve recycled through profit or loss during the period	(8.4)	0.0	(8.4)
Deferred taxes	1.5	0.0	1.5
Translation differences	(117.8)	(87.7)	(205.5)
Amounts not recycled through profit or loss	**(33.0)**	**(3.8)**	**(36.8)**
Actuarial gains and losses	(28.4)	0.0	(28.4)
Other movements	(4.6)	(3.8)	(8.4)
Total income and expense recognised directly in equity	**941.9**	**18.3**	**960.2**
Net income and expense recognised directly in equity	**1,893.2**	**325.3**	**2,218.6**

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY – 2011

In € millions	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Profit for the period	**871.9**	**269.1**	**1,141.0**
Gains and losses recognised directly in equity			
Amounts recycled through profit or loss	**(407.9)**	**(76.9)**	**(484.8)**
Available-for-sale financial assets			
Change in revaluation reserve during the period	(5,840.6)	(214.2)	(6,054.8)
Reclassification of proceeds from disposals	(1,406.8)	(8.7)	(1,415.5)
Reclassification of impairment losses to profit or loss	3,079.2	6.1	3,085.3
Sub-total including deferred participation and deferred taxes	*(4,168.2)*	*(216.8)*	*(4,385.0)*
Deferred participation including deferred taxes	3,677.5	194.9	3,872.3
Deferred taxes	150.4	1.5	151.9
Sub-total net of deferred participation and deferred taxes	*(340.3)*	*(20.5)*	*(360.8)*
Cash flow hedge reserve	6.3	0.0	6.3
Change in cash flow hedge reserve during the period	29.5	0.0	29.5
Cash flow hedge reserve recycled through profit or loss during the period	(19.6)	0.0	(19.6)
Deferred taxes	(3.6)	0.0	(3.6)
Translation differences	(73.9)	(56.4)	(130.3)
Amounts not recycled through profit or loss	**(2.9)**	**0.0**	**(2.9)**
Actuarial gains and losses	(5.7)	0.0	(5.7)
Other movements	2.8	0.0	2.8
Total income and expense recognised directly in equity	**(410.8)**	**(76.9)**	**(487.7)**
Net income and expense recognised directly in equity	**461.1**	**192.2**	**653.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – 2012

In € millions	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated notes	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
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			**1,095.4**	**(2.7)**		**918.4**	**(117.8)**	**1,893.2**	**325.3**	**2,218.6**
- Dividends paid	49.3	339.5				(455.9)		**(67.0)**	(83.3)	**(150.3)**
- Issue of shares								**0.0**		**0.0**
- Deeply-subordinated notes, net of tax					374.0	(57.9)		**316.1**		**316.1**
- Treasury shares, net of tax						10.8		**10.8**		**10.8**
- Changes in scope of consolidation*								**0.0**	(23.3)	**(23.2)**
- Other movements						(0.4)		**(0.4)**	(0.7)	**(1.1)**
Equity at 31 December 2012	**643.5**	**1,321.0**	**1,955.5**	**3.6**	**2,515.8**	**7,624.2**	**83.2**	**14,146.8**	**1,441.1**	**15,588.0**

* Changes in scope of consolidation in non-controlling interests include the impact of the full transfer of Kupka assets by AEP4.

The amount of €374 million in deeply-subordinated notes corresponds to the dollar-denominated equity instruments described in Note 1.4 - Significant events of the year. In accordance with IAS 32, paragraph 35, this comprises the dollar amount of the subordinated notes translated into euros at the issue date for an amount of €377.5 million, less issuance costs accounted for as a deduction from equity, net of the related income tax benefit, for an amount of €3.5 million.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – 2011

In € millions	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Deeply-subordinated notes	Retained earnings and profit	Translation adjustments	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Adjusted equity at 1 Jan. 2011 – IFRS	**594.2**	**981.5**	**1,199.6**	**0.0**	**2,141.8**	**6,849.8**	**274.9**	**12,041.7**	**1,136.4**	**13,178.0**
Net income and unrealised and deferred gains and losses for the period			**(340.4)**	**6.3**		**869.0**	**(73.9)**	**461.1**	**192.2**	**653.3**
- Dividends paid						(456.4)		**(456.4)**	(179.1)	**(635.5)**
- Issue of shares								**0.0**		**0.0**
- Deeply- subordinated notes, net of tax						(59.3)		**(59.3)**		**(59.3)**
- Treasury shares, net of tax						6.8		**6.8**		**6.8**
- Changes in scope of consolidation*			0.9			(0.9)		**0.0**	33.2	**33.2**
- Other movements**						0.3		**0.3**	40.4	**40.7**
Equity at 31 December 2011	**594.2**	**981.5**	**860.1**	**6.3**	**2,141.8**	**7,209.3**	**201.0**	**11,994.1**	**1,223.1**	**13,217.1**

* Changes in scope of consolidation in non-controlling interests comprise a positive amount of €47.1 million related to the first-time consolidation of MFPrévoyance SA, and a negative amount of €13.9 million for adjustments to earnout payments relating to future periods for CNP Barclays Vida y Pensiones (see Note 7.3.3).

** Other movements in non-controlling interests include shares issued by CNP UniCredit Vita and AEP247 for amounts of €17 million and €23.4 million, respectively.

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	**31.12.2012**	**31.12.2011**
Cash and cash equivalents (reported in the balance sheet)	955.2	702.8
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(78.9)	(83.8)
Securities held for trading	10,142.7	9,390.9
Total (reported in consolidated statement of cash flows)	**11,018.9**	**10,010.0**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

In € millions	31.12.2012	31.12.2011
Operating profit before tax	**2,480.7**	**1,835.7**
Gains and losses on sales of investments, net	776.8	(1,054.9)
Depreciation and amortisation expense, net	110.8	110.1
Change in deferred acquisition costs	4.6	(4.1)
Impairment losses, net	(1,650.2)	2,717.3
Charges to technical reserves for insurance and financial liabilities	9,096.5	4,324.7
Charges to provisions, net	57.2	0.3
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	(5,110.8)	2,573.4
Other adjustments	19.6	(183.4)
Total adjustments	**3,304.4**	**8,483.4**
Change in operating receivables and payables	(835.5)	(613.5)
Change in securities sold and purchased under repurchase and resale agreements	1,718.6	(834.1)
Change in other assets and liabilities	(65.1)	(59.7)
Income taxes paid, net of reimbursements	(557.0)	(388.5)
Net cash provided by operating activities	**6,046.3**	**8,423.4**
Acquisitions of subsidiaries and joint ventures, net of cash acquired (1)	(642.2)	(469.7)
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 by divestments and acquisitions	(642.2)	**(469.7)**
Proceeds from the sale of financial assets	381,701.9	397,042.1
Proceeds from the sale of investment properties	46.4	191.0
Proceeds from the sale of other investments	8.1	4.4
Net cash provided by sales and redemptions of investments	**381,756.3**	**397,237.4**
Acquisitions of financial assets	(385,829.7)	(399,297.0)
Acquisitions of investment properties	(107.5)	(183.0)
Acquisitions and/or issuance of other investments	0.0	0.0
Net cash used by acquisitions of investments	**(385,937.2)**	**(399,480.0)**
Proceeds from the sale of property and equipment and intangible assets	8.7	0.1
Purchases of property and equipment and intangible assets	(92.6)	(76.8)
Net cash used by sales and purchases of property and equipment and intangible assets	**(83.8)**	**(76.8)**
Net cash used by investing activities	**(4,906.8)**	**(2,789.1)**
Issuance of equity instruments (2)	389.8	40.3
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	10.9	5.2
Dividends paid	(539.1)	(635.5)
Net cash used by transactions with owners	**(138.4)**	**(590.0)**
New borrowings (3)	371.1	1,039.6
Repayments of borrowings	(1.8)	(761.3)
Interest paid on borrowings	(247.9)	(243.0)
Net cash provided by other financing activities	**121.4**	**35.3**
Net cash used by financing activities	**(17.0)**	**(554.7)**
Cash and cash equivalents at beginning of period	**10,010.0**	**5,111.3**
Net cash provided by operating activities	6,046.3	8,423.4
Net cash used by investing activities	(4,906.8)	(2,789.1)
Net cash used by financing activities	(17.0)	(554.7)
Effect of changes in exchange rates	3.1	3.6
Effect of changes in accounting policies and other (4)	(116.6)	(184.5)
Cash and cash equivalents at the reporting date	**11,018.9**	**10,010.0**

(1) a) First-time consolidation of OPCI LBPAI: €384.2 million, net of cash acquired (€0 million),
b) Buyback of 50% of OPCI IMCOM6 from SOFILO for €256.5 million, net of cash acquired amounting to €3.0 million,
c) Buyback by CNP Vida of Unnim's interest in both CNP Vida and its subsidiary Estalvida for €1.4 million, net of cash.

(2) Share issues by CNP Assurances and CNP Seguros de Vida for amounts of €388.9 million and €0.9 million, respectively.

(3) Issuance of perpetual subordinated notes on 18 October 2012 for an amount of €371 million, net of issuance costs.

(4) Adjustment of the opening cash balances of:
a) MFPrévoyance SA by a negative amount of €53 million (reclassification of amounts held in money-market funds from "ordinary" to "dynamic" funds);
b) CNP Unicredit Vita by a negative amount of €48.6 million (reclassification of cash and cash equivalents to assets held to cover linked liabilities);
c) CNP BVP by a positive amount of €14.6 million (reclassification of amounts held in money market funds from "dynamic" to "ordinary" funds);
d) Cimo by a negative amount of €29.6 million (reclassification of amounts held in "ordinary" money market funds to negotiable debt securities).

SIGNIFICANT EVENTS OF THE YEAR 2012 AND SUBSEQUENT EVENTS

Note 1 Significant events of the year

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 2012, losses before tax of €125 million were recognised directly in profit or loss under the terms of the exchange plan.

These losses correspond to the difference between the net carrying amount of the securities at 31 December 2011, calculated based on the Group pricing model and the illiquidity of the market for Greek government bonds at that time, and the fair value of the new debt securities received in exchange.

The new debt 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 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 €3.1 billion, €2 billion, €0.6 billion, €1.1 billion and €1.2 billion, respectively (see the analysis of sovereign debt risk exposure in Note 9.9).

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

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 would have the right to elect for payment of such dividend either in cash or new shares of the Company.

Shareholders were able to 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 made (in cash or shares) on 24 July 2012.

The issue price of the new shares of the Company issued in payment of the dividend was €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).

An overwhelming 86.2% of shareholders opted for a scrip dividend, including the Company's strategic shareholders.

On 24 July 2012, the company issued 49,348,883 new shares with a par value of €1 each to cover the scrip dividend. This resulted in increases of €49.3 million and €339.5 million, respectively to the share capital and share premium accounts.

1.4 Issue of perpetual subordinated notes

On 18 October 2012, CNP Assurances issued:

- USD 500 million worth of perpetual subordinated notes;
- the notes will pay 7.5% interest through 2018, after which the rate will be adjusted every six years based on the 6-year mid swap rate in dollars.

Based on an analysis of the contractual terms and conditions, these perpetual subordinated notes have been classified as equity instruments in accordance with IAS 32. Consequently, any foreign exchange gains or losses will be recognised in equity when interest is paid or if the Company chooses to exercise the redemption option. They will not generate any gains or losses in profit or loss.

1.5 Goodwill impairment testing of CNP UniCredit Vita (CUV)

The Group tested the residual goodwill of €170 million recognised in respect of its Italian subsidiary CNP UniCredit Vita for impairment based on the entity's business environment and the volatility of Italian interest rates and the domestic insurance market. The outlook for the Italian economy in 2013 has been revised downwards and economists are now predicting a sharp contraction of GDP that will trigger fresh austerity measures needed to control the deficit in the public finances. These gloomy economic forecasts are being compounded by political uncertainty surrounding the forthcoming general election and the effects of Basel III which will force banks to strengthen their balance sheets by holding easy-to-sell savings products.
In view of the sharp contraction in the Italian bancassurance market in 2011 (17%) and 2012 (16% - data to end-November), the Group deemed it preferable to base its future cash flows for CNP UniCredit Vita on prudent assumptions, including applying an exceptional risk premium of 500 bps to the initial CNP UniCredit Vita discount rate. This resulted in the recognition of an impairment loss provision of €170 million, i.e., a write-down of the total amount of goodwill previously recognised for CNP UniCredit Vita.

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Note 2 Subsequent events

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

ASSETS AND LIABILITIES

Note 3 Summary of significant accounting policies

CNP Assurances, the parent company of the Group, is a *société anonyme* (joint-stock company) with a Board of Directors, governed by the French Insurance Code (*Code des assurances*).It has fully paid-up share capital of €643,500,175. The Company is registered in the Paris Trade and Companies Register under no. 341 737 062.

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

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

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

The consolidated financial statements for the year ended 31 December 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 21 February 2013.

3.1 Statement of compliance

In accordance with EU Directive 1606/2002/EC of 19 July 2002, the consolidated financial statements have been prepared in accordance with the IFRSs adopted by the European Union before 31 December 2012.

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

New accounting standards adopted since 1 January 2012

- Amendment to IAS 12 – Income Taxes - Deferred Tax: Recovery of Underlying Assets, published on 20 December 2010 and adopted by the European Union on 11 December 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. However, it does not have a material impact on the Group's consolidated financial statements as only investment property backing unit-linked liabilities is measured at fair value.
- 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 does not 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

- 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 and applicable from 1 January 2014 with retrospective effect (early application is permitted provided all of the new standards are applied). These new standards are likely to impact the groups' scope of consolidation, consolidation methods and disclosure requirements - e.g., switching from proportionate consolidation to the equity method for the LBPP joint venture - 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. 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.
- Revised IAS 19 - Employee Benefits, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 January 2013, introduces amendments to the treatment of past service cost in the event of a change in benefit plan and the basis for presenting changes to commitments in profit or loss. It removes certain choices for the recognition of actuarial gains and losses on defined benefit plans which must now be recognised directly in equity, i.e., the method already used by the Group. This amendment is not expected to have a material impact on the Group’s consolidated financial statements.
- Amendment to IAS 1 – Presentation of Financial Statements, published on 16 June 2011 and applicable for accounting periods beginning on or after 1 July 2012, deals with income and expense recognised directly in equity. The amendment introduces a requirement to group items presented in the consolidated statement of income and expense based on whether they are potentially reclassifiable to profit or loss subsequently. The Group already complies with this basis of presentation and 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.

  IFRS 9 uses a standard approach to determine whether a financial asset should be measured at amortised cost or fair value.

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

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

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

- The IFRS annual improvements 2009-2011 cycle, 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.
- Amendments to transition guidance for IFRS 10, IFRS 11 and IFRS 12, published on 28 June 2012 and applicable for accounting periods beginning on or after 1 January 2014, subject to adoption by the European Union, clarify retrospective application arrangements and propose simplified disclosure requirements for non-consolidated special purpose entities.
- Amendment by Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), published on 31 October 2012 and applicable for accounting periods beginning on or after 1 January 2014, subject to adoption by the European Union, introduce the investment entity consolidation exemption. Where an entity meets the definition of an 'investment entity' it does not consolidate its subsidiaries but is required to measure them at fair value through profit or loss. Special disclosure requirements also apply.

3.2 Basis of preparation of the consolidated financial statements

The following information is incorporated by reference in the Registration Document, in accordance with Article 28 of European Commission Regulation 809/2004/EC dated 29 April 2004:

- the consolidated financial statements of CNP Assurances for the year ended 31 December 2011 and the related Statutory Auditors' report, as presented on pages 135 to 236, and pages 237 to 238, respectively, of the Registration Document filed with the AMF on 12 April 2012;
- the consolidated financial statements of CNP Assurances for the year ended 31 December 2010 and the related Statutory Auditors' report, as presented on pages 107 to 221, and pages 222 to 223, respectively, of the Registration Document filed with the AMF on 13 April 2011.

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

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

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

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

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

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

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

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

They have been applied uniformly by all Group entities.

3.3 Basis of consolidation

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

Subsidiaries

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

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

Jointly-controlled entities (joint ventures)

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

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

Associates

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

It is presumed to be exercised when the Group holds at least 20% of the associate’s voting rights, directly or indirectly. However, this is only one of the 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). Goodwill is calculated at the date control is obtained and is not adjusted after the end of the measurement period.

No additional goodwill is recognised on subsequent acquisitions of non-controlling interests.

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

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

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

3.9 Intangible assets

3.9.1 Goodwill

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

Positive goodwill is:

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

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

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

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

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

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

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

3.9.2 Life insurance portfolios

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

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

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

3.9.3 Distribution agreements

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

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

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

3.9.5 Software

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

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

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

3.10 Investments

3.10.1 Property

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

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

Details of the fair value of properties measured using the cost model are also disclosed in 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 there is evidence of impairment, CNP Assurances estimates the recoverable amount of the building concerned.

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

3.10.2 Financial assets

Classification

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

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

Recognition

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

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

Derecognition

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

Valuation method

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

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

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

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

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

Impairment

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

Assets measured at amortised cost and debt instruments available for sale

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

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

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

Available-for-sale equity instruments

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

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

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

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

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

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

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

Reversals of impairment losses

Available-for-sale financial assets

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

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

Loans and receivables, held-to-maturity investments

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

3.10.3 Derivative instruments

A derivative is a financial instrument or other contract within the scope of IAS 39 with all three of the following characteristics:

a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (the “underlying”);

b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

c) it is settled at a future date.

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

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

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

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

Hedge accounting

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

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

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

3.10.4 Measurement of financial assets at fair value

A financial instrument is considered as traded in an active market when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions conducted on an arm’s length basis. The main criteria used in determining whether or not a market is active is how recent the quoted prices actually are as well as the liquidity of the securities traded. The market in question will be considered inactive if the number of transactions falls sharply or remains at a very low level or if there is a sharp increase in settlement costs or volatility, or a rapid widening in Z-spreads.
In the case of financial instruments whose price is not quoted in an active market (i.e. no price is quoted or a price is quoted but the market does not qualify as active, as is the case for certain structured products), fair value prices are estimated using valuation techniques. These are based on:

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

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.

3.10.5 Repurchase and securities lending transactions

Repurchase and securities lending transactions are part of the Group's portfolio optimisation strategy.
The securities sold or loaned are not derecognised as the Group retains substantially all of the risks and rewards of ownership.
They continue to be carried in the same asset category (with their value adjusted accordingly) and the cash received, which represents a liability to the transferee, is recorded in "Operating liabilities represented by securities".
The Group remains exposed to changes in the fair value of securities sold or loaned and has virtually no counterparty risk exposure due to the margin calls used to safeguard the value of the securities in question.

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.

At 31 December 2012, the insurance subsidiaries and the Group as a whole complied with these minimum solvency capital requirements. Details of the Group’s adjusted solvency capital based on the consolidated financial statements are reported each year to the ACP.

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

3.12 Treasury shares

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

3.13 Insurance and financial liabilities

3.13.1 Contract classification

Contracts recognised and measured in accordance with IFRS 4 include:

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

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

Contracts that do not fulfil the criteria for classification as either insurance contracts or financial instruments without DPF fall within the scope of:

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

3.13.2 Insurance contracts and financial instruments with DPF

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

Insurance contracts

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

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

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

Financial instruments with a discretionary participation feature (DPF)

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

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

Hybrid contracts

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

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

> Life insurance and savings contracts

Premiums

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

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

Technical and mathematical reserves

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

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

Life premium reserves are determined using a discount rate that is equal to or less than the conservatively estimated forecast yield on the assets backing the liabilities.

Insurance liabilities are discounted at a rate that is equal to or less than the contractual rate, using regulatory mortality tables or internal experience-based tables if these are more conservative. The discount rate applied to annuities takes into account the effects of a fall in interest rates when the contractual rate is considered too high compared with the expected yield from reinvested premiums.

A general reserve is set up for future contract administration costs not covered by the 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.

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

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

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

> Disability, accident and health insurance

Premiums are recognised net of taxes and estimated cancelled premiums.

Earned premiums for the period are adjusted for:

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

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

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

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

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

A reserve is also recorded for claims handling expenses.

> Liability adequacy test

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

> Shadow accounting

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

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

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

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

> Testing deferred participation assets for recoverability

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

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

> Reinsurance

Outward reinsurance

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

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

Inward reinsurance

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

3.13.3 Financial instruments without DPF (IAS 39)

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

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

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

3.13.4 Service contracts

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

3.14 Property and equipment

Property and equipment consists mainly of office equipment and miscellaneous installations.
Office systems equipment is depreciated over three years and fixtures, fittings and technical installations over ten years.

3.15 Employee benefit obligations

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

3.15.1 Employee benefit obligations

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

Subordinated notes for which the contractual clauses do not stipulate any obligation to repay the nominal amount or pay any compensation 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, SAS THEEMIM, AEP 3, AEP 4, Assur-immeuble, Pyramides 2, Assur-helene, Foncière Investissement, Ecureuil Vie Crédit and 270 Investments.

Current and deferred taxes

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

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

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

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

3.19 Operating segments

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

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

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

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

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

- general expenses: expenses allocated to each reportable segment based on analyses carried out by the Planning and Performance 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. Revenue and financial assets are broken out by geographic area in Note 9.9. 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

		31.12.2012		
In € millions	**Issuance date**	**Interest rate**	**Currency**	**Amount**
Deeply-subordinated notes (attributable to owners of the parent)				**2,515.8**
CNP Assurances	Jun. 2004	Tec 10 +10 bps, capped at 9%	€	300.0
	Mar. 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	€	225.0
	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
	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
	May 2006	5.25% until 16 May 2036, then 3-month Euribor 185 bps	€	160.0
	Dec. 2006	4.75% until 22 December 2016, then 3-month Euribor +184 bps	€	1,250.0
	Dec. 2006	3-month Euribor +95 bps until 20 Dec. 2026, then 3-month Euribor +195 bps	€	108.0
	Oct. 2012	7.5% until Oct. 2018, then reset at the 6-year fixed swap rate + 648.1 bps	USD	374.0
Total				**2,515.8**

The amount of €374 million in deeply-subordinated notes corresponds to the dollar-denominated equity instruments described in Note 1.4 - Significant events of the year. In accordance with IAS 32, paragraph 35, this comprises the dollar amount of the subordinated notes translated into euros at the issue date for an amount of €377.5 million, less issuance costs accounted for as a deduction from equity, net of the related income tax benefit, for an amount of €3.5 million.

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%	€	300.0
	Mar. 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	€	225.0
	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
	Jun. 2005	7% until June 2010, then 10-year CMS +30 bps	€	75.0
	May 2006	5.25% until 16 May 2036, then 3-month Euribor 185 bps	€	160.0
	Dec. 2006	4.75% until 22 December 2016, then 3-month Euribor +184 bps	€	1,250.0
	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	260,883,688	40.54%
Sopassure (La Banque Postale and BPCE)	231,422,531	35.96%
French State	7,108,108	1.10%
Total shares held in concert	**499,414,327**	**77.61%**
Private investors	144,085,848	22.39%
of which: CNP Assurances (treasury shares)*	1,253,770	0.19%
TOTAL	**643,500,175**	**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**	
	31.12.2012	**31.12.2011**
Number of shares outstanding at the beginning of the period	594,151,292	594,151,292
Shares issued during the period	49,348,883	
Number of shares outstanding at the end of the period	**643,500,175**	**594,151,292**

4.4 2012 Dividends

The recommended 2012 dividend amounts to €0.77 per share, with an option for a payment made in the form of additional shares.

4.5 Basic and diluted earnings per share

In € millions	31.12.2012	31.12.2011
Profit attributable to owners of the parent	951.4	871.9
Charge on deeply-subordinated notes, net of tax	(57.9)	(59.3)
Profit attributable to ordinary shareholders	**893.4**	**812.6**
Number of ordinary shares at 1 January	594,151,292.0	594,151,292.0
New shares (weighted number)	21,767,589.5	0.0
Weighted average number of shares at end of reporting period	**615,918,881.5**	**594,151,292.0**
Treasury shares	(1,991,401.0)	(1,795,591.8)
Weighted average number of shares at end of reporting period	**613,927,480.1**	**592,355,700.2**
Impact of instruments with a potential dilution impact	0.0	0.0
Diluted profit attributable to ordinary shareholders	**1.46**	**1.37**

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 (the 49.3 million shares issued on 24 July 2012 are weighted on a prorata temporis basis).

4.6 Related party information

Two parties are related if one controls or exercises significant influence over the policy decisions of the other, or if both parties are subject to significant influence from the same third-party entity or person.

Related parties are determined based on their relationship with CNP Assurances, the parent company of the Group, and mainly consist of its shareholders and entities controlled by these shareholders or by CNP Assurances (including its associates and joint ventures) and members of senior management.

Transactions and outstanding amounts between the parent company and its fully-consolidated subsidiaries are eliminated in full and do not appear in the consolidated financial statements.

For information, CNP Assurances received a total of €120 million in dividends from its subsidiaries during the period, comprising €58.6 million from its French subsidiaries, €51.9 million from CAIXA Seguros, €6.8 million from CNP Laiki Insurance Holdings and €2.9 million from CNP Seguros de Vida.

The list of subsidiaries and associates is provided in Note 5.

4.6.1 Transactions between CNP Assurances and between Group shareholders and their subsidiaries

In € millions	Income statement	Balance sheet
Commissions	(1,366.7)	0.0
Claims and benefits	(37.5)	(10.8)
Reinsurance	0.0	0.0
Employee benefits expense	(14.4)	(1.1)
Financial income and loans	63.6	1,534.1
Financial expenses and borrowings	(17.2)	(496.7)
Dividends	(345.3)	0.0
Other	0.0	0.0

The shareholders of CNP Assurances (Caisse des Dépôts, BPCE and La Banque Postale) and their fully-consolidated and jointly-controlled entities and the entities over which Caisse des Dépôts exercises significant influence – are deemed to be related parties in accordance with IAS 24.

Commissions correspond to revenue received by BPCE and La Banque Postale on the sale of products managed by CNP Assurances.

Fees and employee benefits mainly concern various expenses rebilled by Caisse des Dépôts to CNP Assurances and asset management fees paid to Natixis AM and La Banque Postale AM.

Dividends relating to 2011 and paid in shares to the Group's shareholders in 2012 amounted to €345.3 million, comprising amounts of €183.0 million, €81.2 million and €81.2 million paid to Caisse des Dépôts, BPCE and La Banque Postale, respectively.

4.6.2 Transactions with joint ventures and associates

The Group does not account for any companies using the equity method and only La Banque Postale Prévoyance is consolidated using the proportionate consolidation method.

In € millions	Income statement	Balance sheet
Commissions	0.0	0.0
Claims and benefits	0.0	0.0
Reinsurance	(3.4)	21.3
Employee benefits expense	0.0	0.0
Financial income and loans	0.0	0.0
Financial expenses and borrowings	0.0	0.0
Dividends	5.6	0.0
Other	0.0	0.0

In 2012, CNP Assurances received €5.6 million in dividends relating to 2011 from Banque Postale Prévoyance.

4.6.3 Transactions with other related parties

Other related parties mainly consist of non-consolidated investments (including GRTgaz). Dividends financial income corresponds to compensation earned by the Group from those investments.

In € millions	Income statement	Balance sheet
Commissions	0.0	0.0
Claims and benefits	0.6	1.0
Reinsurance	0.0	0.0
Employee benefits expense	7.9	5.6
Financial income and loans	11.8	226.4
Financial expenses and borrowings	0.0	0.0
Dividends	19.8	0.0
Other	0.0	0.0

4.7 Management remuneration

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

In 2012

- Short-term benefits: the short-term benefits (including salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors amounted to €3,053,434.
- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers total €4,326,164.
- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement. On that basis, Gilles Benoist, the Chief Executive Officer until 29 June 2012, received a total of €395,316 upon his retirement.
- Share-based payment: no share-based payments were made in 2012 to the Chief Executive Officer, the Deputy Chief Executive Officers or the members of the Board of Directors.

In 2011

- Short-term benefits: the short-term benefits (including salaries, bonuses, directors' fees and benefits in kind) paid to the Chairman, the Chief Executive Officer, the three Deputy Chief Executive Officers and the members of the Board of Directors amounted to €3,501,100.
- Long-term benefits: the cumulative amounts provided for or recognised in respect of pension or other retirement benefits for the Chairman, the Chief Executive Officer and the three Deputy Chief Executive Officers total €10,058,842.
- Termination benefits: the only termination benefits payable to the members of senior management are those provided for in their employment contracts or in the collective bargaining agreement.
- Share-based payment: no share-based payments were made in 2011 to the Chief Executive Officer, the three Deputy Chief Executive Officers or the members of the Board of Directors.

Note 5 Scope of consolidation

Consolidated companies and percentage of voting rights at 31 December 2012

Company	Consolidation method	Country	Business	31.12.2012 % rights	31.12.2012 % interest	31.12.2011 % 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 SA	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%
CNP Barclays Vida y Pensiones	Full	Spain	Insurance	50.00%	50.00%	50.00%	50.00%
CNP Laiki Insurance Holdings	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 units	99.77%	99.77%	99.79%	99.79%
CNP Assur Euro SI	Full	France	Mutual fund units	0.00%	0.00%	97.10%	97.10%
Écureuil Profil 30	Full	France	Mutual fund units	95.66%	95.66%	95.46%	95.46%
LBPAM Profil 50 D 5DEC	Full	France	Mutual fund units	0.00%	0.00%	75.48%	75.48%
LBPAM Act. Diversif 5DEC	Full	France	Mutual fund units	55.60%	55.60%	53.86%	53.86%
LB ACT.D.A. SI 5DEC	Full	France	Mutual fund units	99.23%	99.23%	100.00%	100.00%
CNP ACP Oblig FCP*	Proportionate	France	Mutual fund units	49.67%	49.67%	49.65%	49.65%
CDC IONIS FCP 4DEC	Full	France	Mutual fund units	100.00%	100.00%	100.00%	100.00%
CNP ACP 10 FCP*	Proportionate	France	Mutual fund units	49.76%	49.76%	49.75%	49.75%
Écureuil Profil 90	Full	France	Mutual fund units	53.11%	53.11%	53.56%	53.56%
Al Dente 3 3 DEC	-	France	Mutual fund units	0,00 %	0,00 %	54,44 %	54,44 %
Vivaccio ACT 5 DEC	Full	France	Mutual fund units	81.58%	81.58%	80.87%	80.87%
CNP Assur Alt. 3DEC	Full	France	Mutual fund units	99.70%	99.70%	99.70%	99.70%
3. France Mutual fund Property companies							
Assurbail	Full	France	Lease financing	100.00%	100.00%	100.00%	100.00%
AEP3 SCI	Full	France	NTPC**	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	NTPC**	100.00%	100.00%	100.00%	100.00%
PB6	Proportionate	France	Property	50.00%	50.00%	50.00%	50.00%
OPCI AEW Imcom 6	Full	France	OPCI	100.00%	100.00%	50.00%	50.00%
SICAC	Full	France	NTPC**	100.00%	100.00%	100.00%	100.00%
CNP Immobilier	Full	France	NTPC**	100.00%	100.00%	100.00%	100.00%
Assurimmeuble	Full	France	NTPC**	100.00%	100.00%	100.00%	100.00%
OPCI MTP Invest	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEW Imcom 1	Full	France	OPCI	100.00%	100.00%	100.00%	100.00%
OPCI AEP 247	Full	France	OPCI	100.00%	100.00%	85.42%	85.42%
LBP - Actifs Immo	Full	France	OPCI	100.00%	100.00%	0.00%	0.00%
Écureuil Vie Développement	Full	France	Brokerage	51.00%	51.00%	51.00%	51.00%

* The Group's control over an entity is analysed based on the percentage of voting rights held and all of the contractual conditions of the shareholder agreement, particularly partnership agreements for the distribution of insurance products, and the existence and effect of any potential voting rights currently exercisable.

** Non-trading property company

Note 6 Segment information

6.1 Balance sheet by business segment at 31 December 2012

Assets (*In € millions)*	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Goodwill and value of business In-Force	137.8	6.5	293.0	0.0	**437.3**
Financial investments and investments in associates	281,034.3	37,024.8	15,341.4	122.5	**333,523.0**
Other assets					**19,255.5**
Total assets					**353,215.8**

Equity and liabilities *(In € millions)*	Savings	Pensions	Personal risk	Other (excluding insurance)	Total
Total equity	11,302.1	1,425.2	2,852.3	8.4	**15,588.0**
Financial liabilities related to financial instruments (including deferred participation reserve)	164,059.8	9,030.9	509.4	0.0	**173,600.1**
Insurance liabilities	99,134.0	31,113.1	11,008.7	0.0	**141,255.8**
Other liabilities					**22,771.9**
Total equity and liabilities					**353,215.8**

Goodwill on the subsidiary CUV had been exclusively allocated to the main business segment, “Savings”. All impairment losses on goodwill therefore concern this segment.

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	0.0	**156,954.5**
Insurance liabilities	92,494.0	29,740.8	10,115.3	0.0	**132,350.1**
Other liabilities					**18,488.9**
Total equity and liabilities					**321,010.6**

6.3 Income statement by business segment at 31 December 2012

In € millions	31.12.2012					Reconciliation with premium income under IFRS	
	Savings	Pensions	Personal risk	Other provisions (excluding insurance)	Total	Adjustments relating to the deposit component of financial instruments (IAS 39)	Premium income under IFRS
Premium income	17,906.4	3,579.1	5,933.9	0.0	27,419.4	(959.3)	26,460.1
Net new money	(3,974.5)	1,381.7	3,049.8	0.0	457.1		
Net revenue from insurance activities	**1,795.1**	**160.3**	**1,097.6**	**114.1**	**3,167.1**		
General expenses	(408.5)	(98.3)	(334.9)	(47.3)	(889.0)		
EBIT	**1,386.6**	**62.0**	**762.6**	**66.8**	**2,278.1**		
Finance costs					(157.2)		
Share in earnings of associates					0.0		
Non-recurring items					(271.3)		
Income tax expense (effective tax rate)					(743.9)		
Non-controlling interests					(310.0)		
Fair value adjustments on securities held for trading					183.3		
Net gains on equities and property					(27.5)		
Attributable to owners of the parent					**951.4**		

In € millions	Attributable to owners of the parent 31.12.2012
EBIT	**2,278.1**
Net fair value adjustments	293.8
Net gains on equities and property	175.7
Non-recurring items	(266.8)
Operating profit	**2,480.7**

Impairment losses on goodwill on the subsidiary CUV is recognised in non-recurring items rather than in EBIT by business segment.

6.4 Income statement by business segment at 31 December 2011

In € millions	31.12.2011					Reconciliation with premium income under IFRS	
	Savings	**Pensions**	**Personal risk**	**Other provisions (excluding insurance)**	**Total**	**Adjustments relating to the deposit component of financial instruments (IAS 39)**	**Premium income under IFRS**
Premium income	21,203.2	3,817.1	5,865.6	0.0	30,885.9	(880.9)	30,005.0
Net new money	268.8	1,505.5	3,099.5	0.0	4,873.8		
Net revenue from insurance activities	**1,620.5**	**280.3**	**1,118.3**	**110.0**	**3,129.1**		
General expenses	(410.8)	(97.3)	(331.5)	(46.3)	(885.9)		
EBIT	**1,209.7**	**183.0**	**786.8**	**63.7**	**2,243.2**		
Finance costs					(149.9)		
Share in earnings of associates					0.0		
Non-recurring items					(0.5)		
Income tax expense (effective tax rate)					(720.0)		
Non-controlling interests					(263.8)		
Fair value adjustments on securities held for trading					(93.4)		
Net gains on equities and property					(143.7)		
Attributable to owners of the parent					**871.9**		

In € millions	**Attributable to owners of the parent 31.12.2011**
EBIT	**2,243.2**
Net fair value adjustments	(137.3)
Net gains on equities and property	(268.6)
Non-recurring items	(1.6)
Operating profit	**1,835.7**

Note 7 Intangible assets

7.1 Intangible assets by category

In € millions	31.12.2012				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	**682.8**	**0.0**	**(348.7)**	0.0	**334.2**
Value of business In-Force	**457.7**	**(207.5)**	**(147.1)**	0.0	**103.1**
Distribution agreements	**141.2**	**(18.8)**	**(4.8)**	0.0	**117.6**
Software	**296.1**	**(216.5)**	**0.0**	0.0	**79.6**
• Internally-developed software	125.4	(83.2)	0.0	0.0	42.1
• Other software	170.7	(133.2)	0.0	0.0	37.4
Other	**170.9**	**(38.9)**	**(58.7)**	**(60.9)**	**12.4**
TOTAL	**1,687.9**	**(481.8)**	**(559.3)**	**(60.9)**	**646.8**

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	**161.9**	**(20.2)**	**(12.0)**	**(49.1)**	**80.6**
TOTAL	**1,763.4**	**(448.1)**	**(343.0)**	**(49.1)**	**923.2**

Since 31 December 2010, "Other intangible assets" includes the intangible asset related to the reform of the French pension system. The year-on-year decrease in this item from €161.9 million to €11.7 million mainly corresponds to:

- a negative amount of €60.9 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 €58.6 million due to the decision to finance the increased provisions required under the reform by reallocating existing provisions. This reallocation resulted in the reversal of existing provisions which offset the impairment losses booked on intangible assets in the income statement and it was based on an analysis of existing margins performed on a sample of the contracts concerned. This analysis is on-going on the rest of the portfolio;
- a negative amount of €30.7 million related to accumulated amortisation.

7.2 Goodwill

7.2.1 Goodwill by company

In € millions	Original goodwill	Goodwill investments held at 31.12.2012	Goodwill investments held at 31.12.2011
La Banque Postale Prévoyance	45.8	**22.9**	**22.9**
CAIXA Seguros Group	360.6	**222.6**	**249.1**
CNP UniCredit Vita	366.5	**0.0**	**170.9**
CNP Laiki Insurance Holdings	81.6	**79.4**	**79.7**
CNP Barclays Vida y Pensiones	55.9	**9.3**	**11.3**
TOTAL	**910.4**	**334.2**	**533.9**

The Group's annual goodwill impairment testing procedures are described in Note 3.9.1. The recoverable amount of the CGUs to which the entities listed above have been allocated corresponds to their value in use, based on net asset value plus expected future cash flows from existing policies and new business. Expected future revenues are estimated by taking the embedded value of In-Force insurance policies and financial instruments, and the value of new business. No perpetuity growth rate is included in the terminal value of subsidiaries.

CNP UniCredit Vita

Expected future cash flows are taken from the business outlook validated by management based on the assumption that the distribution agreement will be renewed (in view of the signature in 2010 of an agreement aimed at boosting the partnership between UniCredit and CNP Assurances), and adjusted to take account of the impact of the following economic observations and uncertainties:

- the entity's business environment is being impacted by the volatility of Italian interest rates and the domestic insurance market;
- the outlook for the Italian economy in 2013 has been revised downwards and economists are now predicting a sharp contraction of GDP that will trigger fresh austerity measures needed to control the deficit in the public finances. These gloomy economic forecasts are being compounded by political uncertainty surrounding the forthcoming general election;
- the impacts of the Basel III bank supervision framework may force banks to strengthen their balance sheets by holding easy-to-sell savings products;
- the Italian bancassurance market has experienced sharp downturns in recent years (contractions of 17% and 16%, respectively, in 2011 and 2012, based on end-November data).

The Group has therefore deemed it preferable to base its future cash flows for CNP UniCredit Vita on prudent assumptions, both in terms of business levels and in terms of margins, including applying an exceptional risk premium of 500 bps to the initial CNP UniCredit Vita discount rate of 8.55%. This resulted in the recognition of an impairment loss provision of €170 million, i.e., a write-down of the total amount of goodwill previously recognised for CNP UniCredit Vita.

CAIXA Seguros Group

The expected future cash flows are taken from the four-year business outlook (2013-2017) validated by management and extrapolated using an average growth rate by business segment of between 8.3% and 11% for new business between 2018 and 2032, and then discounted to present value using a post-tax discount rate of approximately 13%.

At 31 December 2012, as in the previous period, a comparison of the recoverable amount and the carrying amount, and the application of a range of reasonable discount rates to future cash flows did not result in the recognition of an impairment loss.

At present, based only on an analysis of forecast cash flows through to the end of the current agreement in force (2021), there is no need to recognise an impairment loss provision. Similarly, the application of a range of reasonable discount rates to future cash flows did not result in the recognition of an impairment loss.

CNP Laiki Insurance Holdings

The expected future cash flows are taken from the four-year business outlook (2013-2017) validated by management and extrapolated using a stable growth rate (of between 2% and 5% by business segment) for new business between 2017 and 2028 (when the current agreement with Cyprus Popular Bank expires), and then discounted to present value using a post-tax discount rate of approximately 9.5% for the Cypriot business, and a rate declining from 23.7% to 16.2% (from 2016 on) for the Greek business.

At 31 December 2012, as in the previous period, a comparison of the recoverable amount and the carrying amount, and the application of a range of reasonable discount rates to future cash flows (+200 bps), or a significant reduction in future volumes (-10%) of business in Greece and Cyprus, did not result in the recognition of an impairment loss.

The decrease in the value of goodwill attributable to CNP Laiki Insurance Holding is due to adjustments to the acquisition price actually paid, or estimated and relating to future periods – that were booked during the period.

CNP Barclays Vida y Pensiones

The expected future cash flows are taken from the four-year business outlook (2013-2017) validated by management and extrapolated using a stable growth rate (of between 1.7% and 2.2%) for new business between 2018 and 2034 (when the current agreement with Barclays expires), and then discounted to present value using post-tax discount rates of 8.5%, 9.2% and 8.2% for the Spanish, Portuguese and Italian businesses, respectively.

At 31 December 2012, as in the previous period, a comparison of the recoverable amount and the carrying amount, and the application of a range of reasonable discount rates (+200 bps) to future cash flows or volumes of business (-10%) did not result in the recognition of an impairment loss.

The slight decrease in the value of goodwill attributable to CNP Laiki Insurance Holding is due to adjustments to the acquisition price actually paid, or estimated and relating to future periods – that were booked during the period.

7.2.2 Changes in goodwill for the period

In € millions	31.12.2012	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)]	(2.3)	(50.6)
Adjustments resulting from subsequent recognition of deferred tax assets	0.0	0.0
Translation adjustment on gross value	(26.5)	(25.1)
Other movements	(1.2)	(1.1)
Impairment losses recognised during the period [(2)]	(169.7)	(75.0)
Translation adjustment on movements during the period	0.0	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	**334.2**	**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 31 December 2012	Carrying amount at 31 December 2011
CAIXA Seguros Group	122.6	3.6	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
CNP Laiki Insurance Holdings	44.4	30.6	33.0
CNP Barclays Vida y Pensiones	101.4	64.7	73.9
MFPrévoyance SA	8.3	4.1	6.2
TOTAL	**476.9**	**103.1**	**118.7**

7.3.2 Changes in the value of business In-Force

In € millions	31.12.2012	31.12.2011
Gross at the beginning of the period	**470.2**	**472.1**
Newly-consolidated companies	0.0	8.3
Translation adjustments	(12.4)	(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	**457.7**	470.2
Accumulated amortisation and impairment at the beginning of the period	(351.5)	(344.3)
Translation adjustments	12.0	9.6
Amortisation for the period	(15.1)	(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	**(354.7)**	**(351.5)**
Carrying amount at the end of the period	**103.1**	**118.7**

7.3.3 Distribution agreements

In € millions	31.12.2012	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	(5.6)	(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	**117.6**	**123.2**

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

At 31 December 2010, the Group recognised €180.2 million before taxes in respect of distribution agreements with Barclays Vida y Pensiones, based on a 100% share. This amount was calculated based on the existing branch network at the acquisition date as well as on planned new branch openings (earnout component). New branch openings are carefully monitored and if the Barclays network grows by less than initially forecast - as was the case in 2011, for example - the value of the distribution agreement is adjusted accordingly. The value of the network is also amortised over the term of the corresponding distribution agreement on a straight-line basis.

7.4 Software and other intangible assets

7.4.1 Internally-developed software

In € millions	31.12.2012	31.12.2011
Carrying amount at the beginning of the period	**29.0**	**20.7**
Acquisitions for the period	18.5	14.0
Amortisation for the period	(4.2)	(5.9)
Impairment losses	(0.9)	0.0
Translation adjustments	0.0	0.0
Other movements	(0.3)	0.2
Carrying amount at the end of the period	**42.1**	**29.0**

7.4.2 Other software and other intangible assets

In € millions	31.12.2012	31.12.2011
Carrying amount at the beginning of the period	**118.4**	**176.7**
Acquisitions for the period	16.5	17.2
Amortisation for the period	(21.4)	(30.2)
Impairment losses	(61.5)	(13.0)
Translation adjustments	(2.5)	(0.7)
Other movements	0.2	(31.6)
Carrying amount at the end of the period	**49.9**	**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*	**31.12.2012**	**31.12.2011**
Investment property measured by the cost model		
Gross value	2,284.1	1,568.7
Accumulated depreciation	(351.0)	(304.2)
Accumulated impairment losses	(29.5)	(28.4)
Carrying amount	**1,903.6**	**1,236.1**
Investment property measured by the fair value model		
Gross value	624.4	511.5
Total investment property	**2,528.0**	**1,747.6**

Investment property (other than property held in unit-linked portfolios) *In € millions*	**31.12.2012**	**31.12.2011**
Carrying amount at the beginning of the period	**1,236.1**	**792.7**
Acquisitions	725.3	619.5
Post-acquisition costs included in the carrying amount of property	0.1	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(13.7)	(164.6)
Depreciation for the period	(43.1)	(1.3)
Impairment losses recognised during the period	(4.7)	2.6
Impairment losses reversed during the period	3.4	(12.8)
Translation adjustments	0.0	0.0
Other movements	0.2	0.0
Non-current assets held for sale and discontinued operations	0.0	0.0
Carrying amount at the end of the period	**1,903.6**	**1,236.1**

Investment property held in unit-linked portfolios *In € millions*	**31.12.2012**	**31.12.2011**
Carrying amount at the beginning of the period	**511.5**	**485.3**
Acquisitions	37.6	5.8
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.5	0.0
Disposals	(1.9)	(0.6)
Net gains (losses) arising from remeasurement at fair value	(0.8)	29.1
Translation adjustments	0.0	0.0
Other movements	77.4	(8.2)
Carrying amount at the end of the period	**624.4**	**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*	**31.12.2012**	**31.12.2011**
Carrying amount at the beginning of the period	**187.8**	**167.6**
Acquisitions	35.5	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	(0.3)	0.0
Depreciation for the period	(6.0)	(4.9)
Impairment losses recognised during the period	(2.3)	(2.8)
Impairment losses reversed during the period	2.4	2.2
Translation adjustments	(6.9)	(2.6)
Transfers	(0.5)	0.0
Carrying amount at the end of the period	**209.7**	**187.8**

Other property and equipment *In € millions*	**31.12.2012**	**31.12.2011**
Carrying amount at the beginning of the period	**64.6**	**85.1**
Acquisitions for the period	21.7	17.3
Amortisation for the period	(17.1)	(18.0)
Disposals for the period	(13.8)	(0.1)
Translation adjustments	(1.3)	(2.0)
Other movements	0.6	(17.7)
Carrying amount at the end of the period	**54.7**	**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 Investments at 31 December 2012

In € millions		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit or loss	Fixed-rate bonds					10,930.6	
	Variable-rate bonds					20,062.2	
	TCNs (money market securities)					162.6	
	Equities					4,641.6	
	Mutual fund units					28,259.6	
	Shares in non-trading property companies					1,324.6	
	Other (including lent securities and repos)					110.9	
	Total					**65,492.2**	
Derivative instruments	Derivative instruments (positive fair value)					4,340.8	
	Derivative instruments (negative fair value)					(4,622.4)	
	Total					**(281.6)**	
Available-for-sale financial assets	Fixed-rate bonds	155,629.7	1,568.7	(1.2)	15,201.9	172,399.1	
	Variable-rate bonds	26,737.3	918.5	(115.3)	2,125.6	29,666.1	
	TCNs (money market securities)	9,271.1	0.1	0.0	27.3	9,298.4	
	Equities	14,026.0	0.0	(5,937.0)	4,112.8	12,201.8	
	Mutual fund units	19,991.4	0.0	(365.5)	762.7	20,388.5	
	Shares in non-trading property companies	2,653.6	0.0	(220.6)	1,060.9	3,493.9	
	Non-voting loan stock	3,246.6	0.0	(330.6)	484.0	3,399.9	
	Other (including lent securities and repos)	4,024.2	(7.1)	0.0	422.9	4,440.0	
	Total	**235,579.8**	**2,480.2**	**(6,970.3)**	**24,198.0**	**255,287.7**	
Held-to-maturity investments	Fixed-rate bonds	374.5	0.0	0.0	0.0	374.5	14.9
	Variable-rate bonds	521.0	0.0	(41.4)	0.0	479.7	73.4
	Total	**895.5**	**0.0**	**(41.4)**	**0.0**	**854.1**	**88.4**
Loans and receivables	Loans and receivables	4,967.4	0.0	0.0	0.0	4,967.4	8.4
	Total	**4,967.4**	**0.0**	**0.0**	**0.0**	**4,967.4**	**8.4**
Investment property	Investment property at amortised cost	2,284.1	(351.0)	(29.5)	0.0	1,903.6	986.7
	Investment property at fair value	624.4	0.0	0.0	0.0	624.4	0.0
	Total	**2,908.5**	**(351.0)**	**(29.5)**	**0.0**	**2,528.0**	**986.7**
TOTAL				**(7,041.2)**	**24,198.0**	**328,847.9**	**1,083.4**

Unit-linked portfolios at fair value through profit or loss at 31 December 2012

In € millions	Carrying amount		Total
	Unit-linked	Traditional savings	
Fixed-rate bonds	5,767.6	5,163.0	**10,930.6**
Variable-rate bonds	7,969.0	12,093.2	**20,062.2**
TCNs (money market securities)	76.4	86.3	**162.6**
Equities	387.6	4,254.1	**4,641.6**
Mutual fund units	16,440.8	11,818.8	**28,259.6**
Shares in non-trading property companies	0.0	1,324.6	**1,324.6**
Other	109.3	1.6	**110.9**
Assets at fair value through profit or loss	**30,750.6**	**34,741.6**	**65,492.2**

9.1.2 Investments at 31 December 2011

In € millions		Cost	Amortisation	Impairment	Fair value adjustments	Carrying amount	Unrealised gains and losses
Assets at fair value through profit or loss	Fixed-rate bonds					10,766.1	
	Variable-rate bonds					16,224.6	
	TCNs (money market securities)					395.5	
	Equities					4,944.7	
	Mutual fund units					26,676.4	
	Shares in non-trading property companies					1,396.1	
	Other (including lent securities and repos)					1.4	
	Total					**60,404.9**	
Derivative instruments	Derivative instruments (positive fair value)					3,583.3	
	Derivative instruments (negative fair value)					(3,179.2)	
	Total					**404.1**	
Available-for-sale financial assets	Fixed-rate bonds	150,558.8	1,392.8	(1,312.1)	1,384.4	152,023.9	
	Variable-rate bonds	25,519.7	857.4	(91.5)	(649.0)	25,636.6	
	TCNs (money market securities)	15,889.8	(12.4)		(507.4)	15,370.0	
	Equities	16,762.9		(6,072.9)	2,702.9	13,392.9	
	Mutual fund units	14,447.7		(433.6)	210.9	14,225.1	
	Shares in non-trading property companies	2,767.9		(124.5)	1,070.5	3,713.9	
	Non-voting loan stock	57.9		(1.1)	5.4	62.2	
	Other (including lent securities and repos)	7,115.7	(23.6)	(584.9)	777.1	7,284.3	
	Total	**233,120.4**	**2,214.2**	**(8,620.6)**	**4,994.9**	**231,708.9**	
Held-to-maturity investments	Fixed-rate bonds	1,071.1		(42.4)	0.0	1,028.7	3.2
	Total	**1,071.1**		**(42.4)**	**0.0**	**1,028.7**	**3.2**
Loans and receivables	Loans and receivables	4,429.5		0.0	0.0	4,429.5	8.1
	Total	**4,429.5**		**0.0**	**0.0**	**4,429.5**	**8.1**
Investment property	Investment property at amortised cost	1,568.7	(304.2)	(28.4)		1,236.1	1,082.9
	Investment property at fair value	511.5				511.5	
	Total	**2,080.2**	**(304.2)**	**(28.4)**		**1,747.6**	**1,082.9**
TOTAL				**(8,691.4)**	**4,994.9**	**299,723.8**	**1,094.2**

Unit-linked portfolios at fair value through profit or loss at 31 December 2011

In € millions	Carrying amount: Unit-linked	Carrying amount: Traditional savings	Total
Fixed-rate bonds	5,381.7	5,384.4	**10,766.1**
Variable-rate bonds	8,419.4	7,805.3	**16,224.6**
TCNs (money market securities)	0.0	395.5	**395.5**
Equities	321.3	4,623.5	**4,944.7**
Mutual fund units	15,265.1	11,411.2	**26,676.4**
Shares in non-trading property companies	0.0	1,396.1	**1,396.1**
Other	0.0	1.4	**1.4**
Assets at fair value through profit or loss	**29,387.5**	**31,017.4**	**60,404.9**

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

In € millions	31.12.2012	31.12.2011
Analysis of investments	328,847.9	299,723.8
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(4,622.4)	(3,179.2)
Balance sheet – Assets – Insurance investments	333,470.2	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 31 December 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*	53,707.8	16,085.8	39.4	**69,833.0**
Available-for-sale financial assets	226,390.8	28,404.9	492.0	**255,287.7**
Total financial assets	**280,098.6**	**44,490.7**	**531.4**	**325,120.7**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities - financial instruments without DPF (excluding unit-linked)	879.1	2.4	0.0	**881.5**
Financial liabilities (linked liabilities) - financial instruments without DPF	4,344.2	25.2	0.0	**4,369.4**
Derivative instruments	0.0	4,622.4	0.0	**4,622.4**
Total financial liabilities	**5,223.4**	**4,650.0**	**0.0**	**9,873.3**

* Includes derivative financial instruments (assets).

9.2.2 Valuation methods at 31 December 2011

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*	48,268.2	15,679.7	40.3	**63,988.2**
Available-for-sale financial assets	205,130.6	26,292.4	285.9	**231,708.9**
Total financial assets	**253,398.8**	**41,972.1**	**326.2**	**295,697.1**
Financial liabilities at fair value through profit or loss	0.0	0.0	0.0	**0.0**
Financial liabilities - financial instruments without DPF (excluding unit-linked)	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**

* Includes derivative financial instruments (assets).

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

	31.12.2012											
In € millions	**Opening carrying amount**	**Acquisitions**	**Maturity**	**Transfers to category 3 (additions)**	**Transfers from category 3 (disposals)**	**Impact of sales of securities at FV with change in FV through profit or loss**	**Impact of sales of available-for-sale financial assets**	**Remeasurement at fair value through equity**	**Remeasurement at fair value through profit or loss**	**Impairment**	**Translation adjustments**	**Closing carrying amount**
Financial assets at fair value through profit or loss	40.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.0)	0.0	0.0	39.4
Available-for-sale financial assets	285.9	303.9	0.0	0.0	(9.3)	0.0	(92.2)	9.0	0.0	(2.7)	(2.7)	492.0
Total financial assets	**326.2**	**304.0**	**0.0**	**0.0**	**(9.3)**	**0.0**	**(92.2)**	**9.0**	**(1.0)**	**(2.7)**	**(2.7)**	**531.4**
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**	**0.0**

	31.12.2011										
In € millions	**Opening carrying amount**	**Acquisitions**	**Maturity**	**Transfers to category 3 (additions)**	**Transfers from category 3 (disposals)**	**Impact of sales of securities at FV with change in FV through profit or loss**	**Impact of sales of available-for-sale financial assets**	**Remeasurement at fair value through 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
Total financial assets	**295.5**	**9.3**	**0.0**	**26.7**	**0.0**	**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 Repurchase agreements

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

In € millions		Carrying amount 31.12.2012	Carrying amount 31.12.2011
Available-for-sale financial assets	Fixed-rate bonds	4,399.9	2,994.5
	Equities	0.0	0.0
	Total	**4,399.9**	**2,994.5**

9.4 Lent securities

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

In € millions	Carrying amount 31.12.2012	Carrying amount 31.12.2011
Fixed-rate bonds	0.0	46.3
Listed equities	814.2	911.2
Total	**814.2**	**957.5**

9.5 Movements for the period

9.5.1 2012

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjustments	Additions to provisions for impairment*	Reversals of provisions for impairment*	Changes in scope of consolidation	Other provisions	Closing carrying amount
Securities held for trading	60,404.9	318,275.8	(316,579.8)	6,426.0	0.0	0.0	(2,043.9)**	(990.8)	65,492.2
Derivative instruments	404.1	(2,448.6)	2,402.3	(632.7)	0.0	0.0	0.0	(6.8)	(281.6)
Available-for-sale financial assets	231,708.9	108,903.9	(105,851.5)	19,215.3	(918.8)	2,569.0	7.5	(346.6)	255,287.7
Held-to-maturity investments	1,028.7	67.8	(161.9)	0.0	(4.3)	5.1	0.0	(81.2)	854.1
Loans and receivables	4,429.5	3,537.2	(3,153.1)	0.0	0.0	0.0	0.0	153.8	4,967.4
Investment property	1,747.6	64.0	(17.2)	(0.3)	(4.7)	3.4	655.9	79.2	2,528.0
TOTAL	**299,723.8**	**428,400.2**	**(423,361.2)**	**25,008.3**	**(927.8)**	**2,577.5**	**(1,380.6)**	**(1,192.3)**	**328,847.9**

* See Note 20.3
** Corresponds to the deconsolidation of three mutual funds and the change to proportionate consolidation of two other mutual funds.

9.5.2 2011

In € millions	Opening carrying amount	Additions	Disposals	Fair value adjustments	Additions to provisions for impairment*	Reversals of provisions for impairment*	Changes in scope of consolidation	Other provisions	Closing carrying amount
Securities held for trading	64,033.1	337,829.4	(337,422.4)	(2,284.8)	0.0	0.0	(1,092.5)**	(658.0)	60,404.9
Derivative instruments	656.5	76.1	(23.3)	(305.3)	0.0	0.0	0.0	0.0	404.1
Available-for-sale financial assets	230,272.2	113,189.9	(104,922.2)	(4,382.5)	(3,085.3)	339.0	366.1	(68.4)	231,708.9
Held-to-maturity investments	1,212.8	256.6	(369.0)	0.0	0.0	4.5	0.0	(76.2)	1,028.7
Loans and receivables	3,958.6	1,603.8	(1,290.8)	0.0	0.0	0.0	0.0	157.8	4,429.5
Investment property	1,278.0	149.6	(151.1)	28.6	0.0	0.0	442.3	0.1	1,747.6
TOTAL	**301,411.3**	**453,105.6**	**(444,178.8)**	**(6,943.9)**	**(3,085.3)**	**343.5**	**(284.1)**	**(644.7)**	**299,723.7**

* See Note 20.3
** Corresponds to the divestment of two consolidated mutual funds.

9.6 Derivative instruments

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

	31.12.2012											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		≥ 15 years		Total	
In € millions	FV +	FV -	FV +	FV -	FV +	FV -	FV +	FV -	FV +	FV -	FV +	FV -
Swap	89.0	(105.2)	279.5	(449.3)	1,228.7	(1,430.5)	916.8	(1,104.7)	1,091.3	(1,348.4)	3,605.3	(4,438.1)
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	2.8	0.0	46.8	(7.3)	597.6	(148.3)	69.7	(20.1)	8.3	(8.5)	725.3	(184.2)
Equity	2.0	0.0	8.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	0.0
Total	**93.8**	**(105.2)**	**334.5**	**(456.5)**	**1,826.3**	**(1,578.9)**	**986.5**	**(1,124.8)**	**1,099.6**	**(1,356.9)**	**4,340.8**	**(4,622.4)**

	31.12.2011											
	1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		≥ 15 years		Total	
In € millions	FV +	FV -	FV +	FV -	FV +	FV -	FV +	FV -	FV +	FV -	**FV +**	**FV -**
Swap	26.0	(183.0)	280.3	(393.1)	904.6	(901.5)	479.1	(529.0)	815.6	(732.4)	2,505.5	(2,738.9)
Swaption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cap / floor	1.1	(0.1)	116.3	(26.9)	574.8	(128.6)	150.7	(57.9)	15.9	(16.0)	858.9	(229.5)
Equity	205.8	(199.2)	13.0	0.0	0.0	0.0	0.0	0.0	0.0	(11.6)	218.9	(210.8)
Total	**232.9**	**(382.2)**	**409.7**	**(420.0)**	**1,479.4**	**(1,030.1)**	**629.8**	**(586.9)**	**831.5**	**(760.0)**	**3,583.3**	**(3,179.2)**

9.7 Derivative instruments qualifying for hedge accounting

	31.12.2012	31.12.2011
In € millions	Currency swap	
Notional amount	**339.6**	**339.6**
Cash flow hedge reserve	**(2.7)**	**6.3**
Change in cash flow hedge reserve during the period	4.3	29.5
Cash flow hedge reserve recycled through profit or loss during the period	(8.4)	(19.6)
Deferred taxes	1.5	(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 31 December 2012, no amount had been recognised in profit or loss for the ineffective portion of the hedge.

9.8 Credit risk

9.8.1 Analysis of the bond portfolio at 31 December 2012 by issuer rating

Rating	Bond portfolio at fair value	%
AAA	30,586.6	12.3%
AA	96,683.6	39.0%
A	61,687.5	24.9%
BBB	40,378.0	16.3%
Non-investment grade*	16,050.7	6.5%
Not rated	2,475.1	1.0%
TOTAL	**247,861.4**	**100.0%**

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

9.8.2 Analysis of the bond portfolio at 31 December 2011 by issuer rating

From 31 December 2011, CNP Assurances began applying the "second-best rating" method to analyse the bond portfolios of the main Group entities in compliance with the Solvency II prudential framework (previously, the Group applied the "worst rating" method). The following table provides a comparison of the two methods.

	Bond portfolio at fair value			
Rating	*Second best rating*	%	*Worst rating*	%
AAA	106,203.4	47.3%	95,249.3	42.4%
AA	38,663.9	17.2%	32,737.4	14.6%
A	52,234.6	23.3%	67,036.1	29.9%
BBB	13,140.9	5.9%	14,490.3	6.5%
Non-investment grade*	13,082.5	5.8%	13,611.1	6.1%
Not rated	1,118.0	0.5%	1,319.1	0.6%
TOTAL	**224,443.2**	**100.0%**	**224,443.2**	**100.0%**

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

9.9 Classification of investments by type of asset and by geographic region

9.9.1 Classification by type of asset and by geographic region at 31 December 2012

		France	Germany	Italy	Rest of Europe	United States	Brazil	Other provisions	Total
Available-for-sale financial assets	Debt securities	92,150	8,804	14,271	60,288	9,195	1,640	25,017	**211,364**
	Mutual fund units	16,623	62	25	3,633	0	0	45	**20,389**
	Equities	7,599	1,975	497	1,956	4	20	150	**12,202**
	Other provisions	11,187	0	0	115	0	32	0	**11,334**
Held-for-trading and FVO	Debt securities	12,046	574	1,772	5,265	1,950	8,083	1,466	**31,155**
	Mutual fund units	24,065	57	130	3,502	290	149	66	**28,260**
	Equities	1,733	317	82	736	1,224	239	311	**4,642**
	Other provisions	1,308	0	75	39	13	0	0	**1,435**
Held-to-maturity investments	Debt securities	50	0	42	112	0	650	0	**854**
Loans and receivables		4,237	0	0	713	0	0	17	**4,967**
Derivative instruments		(262)	(1)	0	(19)	0	0	0	**(282)**
Investment property		2,502	0	0	26	0	0	0	**2,528**
TOTAL		**173,238**	**11,787**	**16,894**	**76,367**	**12,677**	**10,813**	**27,071**	**328,848**

List of countries (for information)	31.12.2012			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	58,761.6	67,977.3	3,191.6	56,733.2	59,083.2	3,019.6
Italy	9,554.2	9,549.9	595.5	12,647.8	10,690.7	1,088.9
Belgium	8,446.2	9,701.4	286.7	9,352.7	9,225.5	319.2
Spain	4,302.3	4,012.6	348.0	6,283.5	5,778.7	426.5
Austria	5,192.9	6,065.9	148.1	6,447.9	6,794.1	200.9
Brazil	1,499.7	1,635.9	982.8	940.0	980.5	588.0
Portugal	2,140.7	1,920.3	42.3	3,253.5	1,821.1	100.8
Netherlands	207.8	244.8	12.0	750.3	793.1	28.3
Ireland	1,018.3	1,009.0	32.8	2,230.0	1,717.7	48.1
Germany	3,551.3	4,034.8	224.1	4,465.3	4,862.5	293.9
Greece	4.3	4.0	0.3	578.4	578.4	22.7
Finland	33.0	37.6	3.1	401.6	430.6	10.6
Poland	383.9	428.3	19.4	270.2	258.5	15.2
Luxembourg	34.4	39.4	16.3	196.6	208.7	20.2
Sweden	3.2	4.5	2.5	103.3	107.7	2.8
Denmark	196.2	209.4	3.7	195.3	203.0	4.5
Slovenia	278.1	269.7	4.5	312.6	263.7	5.9
United Kingdom	70.0	149.1	0.0	70.1	158.1	0.0
Canada	618.1	700.4	61.7	747.5	804.3	64.1
Cyprus	23.9	16.4	16.4	23.9	15.9	15.9
Other	6,756.7	7,750.1	580.9	5,886.9	6,215.5	478.4
TOTAL	**103,076.9**	**115,760.7**	**6,572.5**	**111,890.6**	**110,991.7**	**6,754.3**

* Carrying amount, including accrued coupon.
** The fair value of Greek sovereign debt in 2011 is estimated using mark-to-model pricing, including the accrued coupon.

At 31 December 2012, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €115.8 billion, or an estimated exposure net of deferred participation and deferred taxes of €6.6 billion. Virtually all of the securities concerned are classified as available-for-sale financial assets. The Group's exposure is calculated based on asset values and before non-controlling interests.

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

The apparent 5.7% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 64% corresponding to the impact of the average weighted tax rate on the Group's entities) and a deferred participation impact (a 9% 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 5.7% (64% multiplied by 9%) 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 €3.4 billion at 31 December 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 0.8% for a projected DPF rate of around 2.5% at end-2012, whereas in Italy, Spain and Portugal this ability is limited by the guaranteed yields on policies in these countries;
- unrealised gains, especially on property (€3.1 billion) and on equities (€5.5 billion). These amounts were taken into account when testing deferred participation assets for recoverability.

In the absence of an incurred loss, no other sovereign debt securities have been impaired.

9.9.2 Classification by type of asset and by geographic region at 31 December 2011

In € millions		France	Germany	Italy	Rest of Europe	United States	Brazil	Other provisions	Total
Available-for-sale financial assets	Debt securities	81,038	9,965	13,915	59,239	8,596	977	19,300	**193,031**
	Mutual fund units	12,356	93	20	1,734	0	0	23	**14,225**
	Equities	7,985	1,916	723	2,451	4	24	291	**13,393**
	Other provisions	11,023	0	0	31	0	6	0	**11,060**
Held-for-trading	Debt securities	6,877	747	3,385	5,365	1,871	7,783	1,358	**27,386**
	Mutual fund units	22,398	3	93	3,650	400	131	2	**26,676**
	Equities	1,847	343	119	851	1,098	288	399	**4,945**
	Other	1,388	0	1	9	0	0	0	**1,398**
Held-to-maturity investments	Debt securities	50	0	42	107	0	830	0	**1029**
Loans and receivables		3,705	0	0	709	0	0	15	**4,429**
Derivative instruments		410	(3)	0	(3)	0	0	0	**404**
Investment property		1,728	0	0	19	0	0	0	1,747
TOTAL		**150,806**	**13,064**	**18,297**	**74,162**	**11,969**	**10,038**	**21,387**	**299,723**

9.10 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currency (i.e., denominated in currencies other than the functional currencies of Group entities) represented less than 0.5% of consolidated assets and liabilities in both 2011 and 2012.

9.11 Commitments given and received

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

Commitments given

In € millions	31.12.2012	31.12.2011
Financing commitments	29.4	23.9
Guarantees	11,086.3	11,085.8
Securities commitments	3,348.4	2,924.3

Guarantees mainly concern the guarantee that CNP Assurances gives to Crédit Immobilier de France in respect of CNP Caution's maximum exposure. In 2011, the Board of Directors approved a €6 billion increase in the guarantee given by CNP Assurances in respect of CNP Caution from €5 billion to €11 billion.

Securities commitments correspond to securities pledged to reinsurers under the terms of outward reinsurance contracts.

Commitments received

In € millions	31.12.2012	31.12.2011
Financing commitments	0.0	0.0
Guarantees	101.4	533.7
Securities commitments	7,448.6	6,955.0

Securities commitments correspond to securities pledged by cedants under the terms of inward reinsurance contracts.

Note 10 Analysis of insurance and financial liabilities

10.1 Analysis of insurance and financial liabilities

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

10.1.1 Analysis of insurance and financial liabilities at 31 December 2012

In € millions	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	**6,973.5**	**6,034.8**	**938.6**
Unearned premium reserves	285.6	265.8	19.8
Outstanding claims reserves	758.3	530.6	227.7
Bonuses and rebates (including claims equalization reserve on Group business maintained in liabilities)	71.5	68.1	3.5
Other technical reserves	5,858.0	5,170.4	687.6
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**134,282.3**	**126,436.1**	**7,846.2**
Unearned premium reserves	128.8	128.6	0.1
Life premium reserves	129,111.7	121,372.3	7,739.4
Outstanding claims reserves	2,104.0	2,007.4	96.7
Policyholder surplus reserve	2,741.9	2,739.4	2.5
Other technical reserves	195.9	188.4	7.5
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	**149,251.3**	**149,251.3**	**0.0**
Life premium reserves	146,430.8	146,430.8	0.0
Outstanding claims reserves	2,199.6	2,199.6	0.0
Policyholder surplus reserve	620.9	620.9	0.0
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**5,251.0**	**5,109.1**	**141.9**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**19,097.8**	**19,097.8**	**0.0**
Total insurance and financial liabilities	**314,855.9**	**305,929.2**	**8,926.7**
Deferred participation asset	**0.0**	**0.0**	**0.0**

10.1.2 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 equalization reserve on Group business maintained in liabilities)	74.6	72.7	1.9
Other technical reserves	5,286.7	4,650.7	636.0
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	**125,722.3**	**118,446.3**	**7,276.1**
Life 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**
Life premium reserves	149,485.1	149,480.7	4.4
Outstanding claims reserves	2,026.9	2,026.9	0.0
Policyholder surplus reserve	90.5	90.5	0.0
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	**4,816.2**	**4,669.6**	**146.6**
Derivative financial instruments separated from the host contract	**0.0**	**0.0**	**0.0**
Deferred participation reserve	**535.7**	**535.7**	**0.0**
Total insurance and financial liabilities	**289,304.6**	**281,046.5**	**8,258.1**
Deferred participation asset	**(620.9)**	**(620.9)**	**0.0**

10.2 Change in technical reserves

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

10.2.1 Changes in mathematical reserves – life insurance

10.2.1.1 Changes in mathematical reserves – life insurance – 2012

In € millions	Before reinsurance	Net	Reinsurance
Mathematical reserves at the beginning of the period	**270,489.0**	**263,272.6**	**7,216.4**
Premiums	22,356.0	21,956.8	399.3
Extinguished liabilities (benefit payments)	(24,986.1)	(24,713.5)	(272.6)
Locked-in gains	7,779.0	7,372.9	406.1
Change in value of linked liabilities	2,016.0	2,016.1	0.0
Changes in scope (acquisitions/divestments)	11.9	11.9	0.0
Outstanding loadings	(1,483.7)	(1,483.7)	0.0
Surpluses/deficits	(26.6)	(26.6)	0.0
Currency effect	(843.5)	(843.5)	0.0
Changes in assumptions	0.6	0.6	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	229.8	239.6	(9.8)
Mathematical reserves at the end of the period	**275,542.5**	**267,803.1**	**7,739.4**

10.2.1.2 Changes in mathematical reserves – life insurance – 2011

In € millions	Before reinsurance	Net	Reinsurance
Mathematical reserves at the beginning of the period	**264,605.2**	**258,200.9**	**6,404.3**
Premiums	25,748.0	24,931.9	816.1
Extinguished liabilities (benefit payments)	(24,022.0)	(23,753.1)	(268.9)
Locked-in gains	7,845.8	7,615.7	230.1
Change in value of linked liabilities	(1,832.5)	(1,832.5)	0.0
Changes in scope (acquisitions/divestments)	19.9	(10.2)	30.1
Outstanding loadings	(1,400.6)	(1,400.6)	0.0
Surpluses/deficits	(62.2)	(62.2)	0.0
Currency effect	(491.3)	(491.3)	0.0
Changes in assumptions	0.0	8.1	(8.1)
Newly-consolidated companies: MFPrévoyance SA	22.6	22.6	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	56.0	43.2	12.8
Mathematical reserves at the end of the period	**270,489.0**	**263,272.6**	**7,216.4**

10.2.2 Changes in technical reserves – non-life insurance

10.2.2.1 Changes in technical reserves – non-life insurance – 2012

In € millions	Before reinsurance	Net	Reinsurance
Outstanding claims reserves at the beginning of the period	**889.7**	**711.1**	**178.5**
Claims expenses for the period	1,408.5	1,174.8	233.7
Prior period surpluses/deficits	0.1	0.1	0.0
Total claims expenses	**1,408.6**	**1,174.9**	**233.7**
Current period claims settled during the period	(1,494.7)	(1,313.9)	(180.0)
Prior period claims settled during the period	(19.6)	(15.2)	(4.4)
Total paid claims	**(1,514.3)**	**(1,329.5)**	**(184.8)**
Changes in scope (acquisitions/divestments)	0.0	0.0	0.0
Currency effect	(25.7)	(25.6)	(0.1)
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**758.3**	**530.6**	**227.7**

10.2.2.2 Changes in technical reserves – non-life insurance – 2011

In € millions	Before reinsurance	Net	Reinsurance
Outstanding claims reserves at the beginning of the period	**894.1**	**757.3**	**136.8**
Claims expenses for the period	896.3	908.7	(12.4)
Prior period surpluses/deficits	14.3	11.5	2.8
Total claims expenses	**910.6**	**920.2**	**(9.6)**
Current period claims settled during the period	(860.5)	(919.3)	58.8
Prior period claims settled during the period	(37.3)	(11.8)	(25.5)
Total paid claims	**(897.8)**	**(931.1)**	**33.3**
Changes in scope (acquisitions/divestments)	(38.4)	(38.4)	0.0
Currency effect	(24.4)	(24.4)	0.0
Newly-consolidated companies: MFPrévoyance SA	45.5	27.6	18.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Outstanding claims reserves at the end of the period	**889.7**	**711.1**	**178.5**

10.2.3 Changes in mathematical reserves – financial instruments with DPF

In € millions	31.12.2012 Before reinsurance	Net	Reinsurance
Mathematical reserves at the beginning of the period	**4,816.2**	**4,669.6**	**146.6**
Premiums	330.4	330.4	0.0
Extinguished liabilities (benefit payments)	(458.7)	(427.0)	(31.7)
Locked-in gains	66.9	66.9	0.0
Change in value of linked liabilities	700.6	695.9	4.7
Changes in scope (acquisitions/divestments)	(356.0)	(356.0)	0.0
Currency effect	(102.2)	(102.2)	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	253.7	228.6	22.3
Mathematical reserves at the end of the period	**5,251.0**	**5,111.9**	**141.9**

In € millions	31.12.2011 Before reinsurance	Net	Reinsurance
Mathematical reserves at the beginning of the period	**5,248.3**	**5,046.7**	**201.6**
Premiums	781.0	769.9	11.1
Extinguished liabilities (benefit payments)	(1,022.5)	(985.4)	(37.1)
Locked-in gains	63.9	63.9	0.0
Change in value of linked liabilities	(109.2)	(80.2)	(29.0)
Changes in scope (acquisitions/divestments)	(9.0)	(9.0)	0.0
Currency effect	(75.7)	(75.7)	0.0
Newly-consolidated companies	0.0	0.0	0.0
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0	0.0
Other	(60.4)	(60.4)	0.0
Mathematical reserves at the end of the period	**4,816.2**	**4,669.6**	**146.6**

10.3 Deferred participation (shadow accounting adjustments)

This note breaks down the sources of deferred participation arising from the use of shadow accounting. The amount of deferred participation calculated for each entity under shadow accounting principles is recognised either in liabilities as a deferred participation reserve, or in assets as a deferred participation asset (see Note 3.13.2).

In € millions	31.12.2012			31.12.2011		
Deferred participation	**DPA**	**DPR**	**Total**	**DPA**	**DPR**	**Total**
Deferred participation on remeasurement at fair value through profit	0.0	(2,037.1)	2,037.1	4,151.1	7.7	4,143.4
Deferred participation on remeasurement at fair value recognised in equity	0.0	21,135.0	(21,135.0)	(3,530.2)	209.1	(3,739.3)
Deferred participation on adjustment of claims equalisation reserves	0.0	0.0	0.0	0.0	319.0	(319.0)
TOTAL	**0.0**	**19,097.8**	**(19,097.8)**	**620.9**	**535.7**	**85.1**

* At 31 December 2012, the claims equalisation reserve is included in technical reserves and adjustments are no longer recognised as a deferred participation asset/reserve.

The following table analysis year-on-year changes:

In € millions	31.12.2012		31.12.2011	
	DPA	**DPR**	**DPA**	**DPR**
Amount at the beginning of the period	**620.9**	**535.8**	**0.0**	**5,165.8**
Deferred participation on remeasurement at fair value of securities through profit	(4,213.4)	(2,036.0)	4,213.4	2,749.7
Deferred participation on remeasurement at fair value of securities recognised in equity	3,592.5	20,925.8	(3,592.5)	(7,462.8)
Other movements[1]	0.0	(327.8)	0.0	83.1
Effect of change in recoverability rate[2]	0.0	0.0	0.0	0.0
Deferred participation at the end of the period	**0.0**	**19,097.8**	**620.9[3]**	**535.8**

(1) Other movements concern the opening balance of the claims equalisation reserve, which is now included in technical reserves.
(2) The Group uses recoverability testing to demonstrate that it is highly probable that the amount calculated for deferred participation assets will be recoverable out of future actual or unrealised profits. Recoverability testing uses the same methods as liability adequacy testing and the principles of Market Consistent Embedded Value (MCEV®) (see notes 3.13.2 of the Group's accounting policies).
(3) The breakdown of the deferred participation asset by country in which the Group's entities do business is as follows:

In € millions	31.12.2012	31.12.2011
	DPA	**DPA**
France	0.0	136.5
Italy	0.0	415.4
Portugal	0.0	57.7
Other	0.0	11.3
Deferred participation at the end of the period	**0.0**	**620.9**

10.4 Changes in financial liabilities – linked liabilities

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

10.4.1 Changes in 2012

In € millions	Before reinsurance	Net
Technical reserves at the beginning of the period	**30,957.8**	**30,937.3**
(+) Entries (new contracts, transfers between contracts, replacements)	3,332.1	3,332.1
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	2,611.1	2,611.1
(-) Exits (paid benefits and expenses)	(3,584.1)	(3,583.9)
(+/-) Entries/exits related to portfolio transfers	(391.1)	(391.1)
(-) Outstanding loadings deducted	(106.0)	(106.0)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.6	0.6
(+/-) Translation adjustment	(780.7)	(780.7)
(+/-) Newly-consolidated companies	0.0	0.0
Other	(40.8)	(28.3)
Technical reserves at the end of the period*	**31,999.0**	**31,991.2**

* Refer to reconciliation table in note 10.4.2.

10.4.2 Changes in 2011

In € millions	Before reinsurance	Net
Technical reserves at the beginning of the period	**33,146.3**	**33,125.8**
(+) Entries (new contracts, transfers between contracts, replacements)	4,387.8	4,387.8
(+/-) Revaluation (fair value adjustments, incorporation of policyholder surplus)	(1,266.4)	(1,266.4)
(-) Exits (paid benefits and expenses)	(4,175.8)	(4,175.8)
(+/-) Entries/exits related to portfolio transfers	(497.5)	(497.5)
(-) Outstanding loadings deducted	(97.8)	(97.8)
(+/-) Surpluses/deficits	0.0	0.0
(+/-) Effect of changes in assumptions	0.0	0.0
(+/-) Translation adjustment	(464.3)	(464.3)
(+/-) Newly-consolidated companies	0.0	0.0
Other	(74.5)	(74.5)
Technical reserves at the end of the period*	**30,957.8**	**30,937.3**

* Not including linked liability financial instruments without DPF, accounted for in accordance with IAS 39. The table below reconciles the amounts shown.

In € millions	31.12.2012	31.12.2011
Financial liabilities – linked liability financial instruments – balance sheet	**36,368.4**	**34,821.4**
Changes in financial liabilities – linked liabilities other than IAS 39	31,999.0	30,957.8
Changes in financial liabilities – linked liabilities – IAS 39	4,369.4	3,863.6
Variance	**0.0**	**0.0**

10.5 Credit risk on reinsured business

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

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

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

10.5.1 Credit risk on reinsured business at 31 December 2012

		Ceded technical reserves	
In € millions	**Credit rating**	**Amount**	**%**
First reinsurer	AA-	3,542.6	39.7%
Second reinsurer	BB+	2,328.2	26.1%
Third reinsurer	AA-	1,150.2	12.9%
Fourth reinsurer	A	585.0	6.6%
Other reinsurers	-	1,320.7	14.8%
Total		**8,926.7**	

10.5.2 Credit risk on reinsured business at 31 December 2011

		Ceded technical reserves	
In € millions	**Credit rating**	**Amount**	**%**
First reinsurer	AA-	3,311.1	40.1%
Second reinsurer	A-	2,165.0	26.2%
Third reinsurer	AA-	1,085.2	13.1%
Fourth reinsurer	A	555.3	6.7%
Other reinsurers	-	1,141.6	13.8%
Total		**8,258.1**	

Note 11 Subordinated debt

11.1 Subordinated debt at 31 December 2012

In € millions	Issuance date	Interest rate	Amount in currency	Currency	Amount in euros	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value*
Subordinated notes					**2,514.6**	**0.0**	**14.0**	**1,817.6**	**500.0**	**0.0**	**183.0**	**2,530.6**
CNP Assurances	Apr. 2011	6.875% until Sept. 2021, then 12-month Libor 440 bps		€	700.0			700.0				725.9
CNP Assurances	Apr. 2011	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	300.0	GBP	367.6			367.6				385.6
CNP UniCredit Vita	Jun. 2009	6-month Euribor 3.25%		€	14.0		14.0					14.3
CNP Assurances	Sept. 2010	6.00% (Actual/ Actual) until 2020, then 3-month Euribor (Actual/360) +447.2 bps		€	750.0					750.0		767.2
CNP Assurances	Nov. 2004	3-month Euribor 0.70% until 2016 then 3-month Euribor +1.6%		€	93.0						93.0	79.7
CNP Assurances	Nov. 2004	4.93% until 2016 then 3-month Euribor +1.6% from 15.11.16		€	90.0						90.0	77.8
CNP Assurances	Jun. 2003	4.7825% until 2013 then 3-month Euribor +2% from 24.06.13		€	200.0				200.0			183.0
CNP Assurances	May 20 03	5.25% until May 2013, then 3-month Euribor +200 bps		€	300.0				300.0			297.1
Perpetual subordinated notes					**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**44.0**
CNP UniCredit Vita	Oct. 2003	6-month Euribor 1.5%		€	45.0						45.0	44.0
Total					**2,559.6**	**0.0**	**14.0**	**1,817.6**	**500.0**	**0.0**	**228.0**	**2,574.6**

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit instead of at amortised cost, the impact would have been a negative amount of €833.8 million at 31 December 2012. The fair values of unit-linked liabilities are presented in Note 10.4. The fair values of financial instruments without DPF (Note 10.1) are not presented as the amounts involved are not material. IFRS 7 includes certain exemptions from the requirement to disclose the fair values of financial instruments with DPF. The Group considers that it fulfils the exemption criteria, particularly in light of the work under way in connection with IFRS 4, Phase 2, regarding the fair value of these instruments.

Subordinated debt is not subject to financial covenants.

11.2 Subordinated debt at 31 December 2011

In € millions	Issuance date	Interest rate	Amount in currency	Currency	Amount in euros	Due within 1 year	Due in 1 to 5 years	Due in 5 to 10 years	Due in 10 to 15 years	Due beyond 15 years	Undated	Fair value*
Subordinated notes					**2,506.2**	**14.0**	**0.0**	**0.0**	**1,559.2**	**750.0**	**183.0**	**1,697.9**
CNP Assurances	Apr. 2011	6.875% until Sept. 2021, then 12-month Euribor +440 bps		€	700.0				700.0			449.9
CNP Assurances	Apr. 2011	7.375% until Sept. 2021, then 12-month Libor +448.2 bps	300.0	GBP	359.2				359.2			267.6
CNP UniCredit Vita	Jun. 2009	6-month Euribor 3.25%		€	14.0		14.0					12.3
CNP Assurances	Sept. 2010	6.00% (Actual/Actual) until 2020, then 3-month Euribor (Actual/360) +447.2 bps		€	750.0					750.0		473.2
CNP Assurances	Nov. 2004	3-month Euribor +0.70% until 2016		€	93.0						93.0	44.7
CNP Assurances	Nov. 2004	4.93% until 2016 then 3-month Euribor +1.6% from 15.11.16		€	90.0						90.0	43.7
CNP Assurances	Jun. 2003	4.7825% until 2013 then Euribor +2% from 24.06.13		€	200.0				200.0			181.8
CNP Assurances	May 2003	5.25% until May 2013, then 3-month Euribor +200 bps		€	300.0				300.0			224.6
Perpetual subordinated notes					**45.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**	**34.5**
CNP UniCredit Vita	Oct. 2003	6-month Euribor +1.5%		€	45.0						45.0	34.5
Total					**2,551.2**	**14.0**	**0.0**	**0.0**	**1,559.2**	**750.0**	**228.0**	**1,732.4**

* The fair value of financial liabilities (IAS 39) is disclosed in accordance with IFRS 7. If subordinated debt had been measured at fair value through profit instead of at amortised cost, the impact would have been €730.4 million at 31 December 2011.

Note 12 Insurance and reinsurance receivables

12.1 Insurance and reinsurance receivables

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

In € millions	31.12.2012	31.12.2011
Earned premiums not yet written	2,371.0	2,273.9
Other insurance receivables	572.0	534.8
Reinsurance receivables	92.2	87.9
Total	**3,035.3**	**2,896.7**
Doubtful receivables	3.6	3.4

Analysis by maturity

31.12.2012			
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Earned premiums not yet written	2,371.0	0.0	0.0
Other insurance receivables	560.3	11.6	0.2
Reinsurance receivables	92.1	0.1	0.0
Total	**3,023.4**	**11.7**	**0.2**

31.12.2011			
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Earned premiums not yet written	2,273.9	0.0	0.0
Other insurance receivables	511.8	19.2	3.9
Reinsurance receivables	87.8	0.0	0.1
Total	**2,873.5**	**19.2**	**4.0**

12.2 Other receivables

In € millions	31.12.2012	31.12.2011
Employee advances	1.6	1.7
Tax, social security and public administration receivables	827.6	932.7
Sundry receivables	4,119.4	2,384.3
Total	**4,948.6**	**3,318.7**

Note 13 Deferred taxes

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

Sources of temporary differences *In € millions*	**31.12.2012**		
	Assets	**Liabilities**	**Net**
Goodwill	20.8	(1.1)	19.7
Value of business In-Force	0.0	(25.2)	(25.2)
Other intangible assets	0.0	(34.8)	(34.8)
Investment property	0.0	(89.6)	(89.6)
Financial assets	0.0	(7,873.7)	(7,873.7)
Investments in associates	0.0	0.0	0.0
Reinsurers' share of insurance and financial liabilities	0.8	0.0	0.8
Owner-occupied property and other property and equipment	0.0	(0.9)	(0.9)
Deferred acquisition costs	0.0	0.0	0.0
Other assets	138.4	0.0	138.4
Capitalisation reserve	0.0	0.0	0.0
Subordinated debt	0.0	(7.1)	(7.1)
Provisions	132.3	0.0	132.3
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	(18.1)	(18.1)
Deferred participation asset/reserve	6,895.6	(0.4)	6,895.2
Other liabilities	0.0	(80.9)	(80.9)
Credit from tax loss carryforwards	20.8	0.0	20.8
Asset-liability netting	(7,039.1)	7,039.1	0.0
Net deferred tax asset or liability	**169.6**	**(1,092.7)**	**(923.1)**

Sources of temporary differences *In € millions*	**31.12.2011**		
	Assets	**Liabilities**	**Net**
Goodwill	30.5	(4.3)	26.2
Value of business In-Force	0.0	(28.7)	(28.7)
Other intangible assets	0.0	(35.3)	(35.3)
Investment property	0.0	(73.9)	(73.9)
Financial assets	316.4	(489.0)	(172.6)
Investments in associates	32.2	(25.7)	6.5
Reinsurers' share of insurance and financial liabilities	1.1	0.0	1.1
Owner-occupied property and other property and equipment	0.0	(1.0)	(1.0)
Deferred acquisition costs	0.0	0.0	0.0
Other assets	113.9	0.0	113.9
Capitalisation reserve	0.0	0.0	0.0
Subordinated debt	0.0	(8.4)	(8.4)
Provisions	125.5	0.0	125.5
Financing liabilities	0.0	0.0	0.0
Insurance and financial liabilities	0.0	(4.1)	(4.1)
Deferred participation asset/reserve	357.9	(470.1)	(112.2)
Other liabilities	0.0	(52.0)	(52.0)
Credit from tax loss carryforwards	172.5	0.0	172.5
Asset-liability netting	(905.9)	905.9	0.0
Net deferred tax asset or liability	**244.1**	**(286.6)**	**(42.5)**

Note 14 Provisions

Provisions cover commercial, employee-related and tax risks resulting in obligations that will most likely give rise to an outflow of resources, the amount of which may be reliably determined.

14.1 Provisions – 2012

In € millions	Provisions for claims and litigation	Other provisions	Total
Carrying amount at 1 January 2012	**65.9**	**108.6**	**174.4**
New provisions set up during the period and increases in existing provisions	95.5	107.7	203.2
Amounts utilised during the year	(28.3)	(22.2)	(50.5)
Surplus provisions released during the period	(49.9)	(45.7)	(95.5)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	(6.1)	(5.0)	(11.1)
Changes in scope of consolidation	0.0	0.0	0.0
Reclassifications	0.0	0.0	0.0
Carrying amount at 31 December 2012	**77.1**	**143.4**	**220.5**

14.2 Provisions – 2011

In € millions	Provisions for claims and litigation	Other provisions	Total
Carrying amount at 1 January 2011	**58.0**	**130.2**	**188.2**
New provisions set up during the period and increases in existing provisions	67.4	77.5	144.9
Amounts utilised during the year	(0.2)	(46.2)	(46.4)
Surplus provisions released during the period	(55.5)	(42.7)	(98.2)
Change due to the passage of time and/or a change in the discount rate	0.0	0.0	0.0
Translation adjustments	(3.8)	(3.8)	(7.6)
Changes in scope of consolidation	0.0	0.0	0.0
Reclassifications	0.0	(6.5)	(6.5)
Carrying amount at 31 December 2011	**65.9**	**108.6**	**174.4**

Note 15 Liabilities arising from insurance and reinsurance transactions

15.1 Liabilities arising from insurance and reinsurance transactions

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

In € millions	31.12.2012	31.12.2011
Cash deposits received from reinsurers	269.6	240.6
Liabilities arising from insurance transactions	1,210.1	1,081.8
Liabilities arising from reinsurance transactions	574.7	450.1
Deferred acquisition costs	8.0	9.7
Total	**2,062.5**	**1,782.2**

Analysis by maturity

	31.12.2012			31.12.2011		
In € millions	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years	Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash deposits received from reinsurers	124.8	144.8	0.0	90.6	150.1	0.0
Liabilities arising from insurance transactions	1,208.5	1.6	0.1	1,081.7	0.0	0.0
Liabilities arising from reinsurance transactions	574.7	0.0	0.0	447.6	2.5	0.0
Deferred acquisition costs	8.0	0.0	0.0	9.7	0.0	0.0
Total	**1,916.0**	**146.4**	**0.1**	**1,629.6**	**152.6**	**0.0**

15.2 Other liabilities

In € millions	31.12.2012	31.12.2011
Employee advances	313.0	264.3
Accrued payroll and other taxes	886.7	1,141.7
Sundry payables	4,802.4	3,040.2
Total	**6,002.1**	**4,446.2**

15.3 Employee benefits – IAS 19

15.3.1 Main assumptions

Discount rate

At 31 December 2012, the discount rate corresponds to the yield on investment-grade corporate bonds (rated AA) with maturities that match the duration of the benefit obligation in accordance with IAS 19. Until 31 December 2010, defined benefit plan obligations in France were discounted to present value based on the French government bond (OAT) rate. This change did not have a material impact on measurement of obligations.

Plan	Duration (years)	Discount rate	Expected future salary increases	Inflation	Expected return on plan assets
Retirement benefits	14	2.95%	3.0%	Incl. in salary increases	N/A
Jubilees	9	2.35%	3.0%	Incl. in salary increases	N/A
Article 39 of the French Tax Code	11	2.55%	3.0%	Incl. in salary increases	2.6%
Other plans: Italy	19	3.00%	3.0%	2.0%	N/A

Mortality tables

The Group based its calculations on prospective mortality tables by generation, particularly table TGH05-TGF05 for obligations in France.

15.3.2 Recognised benefit obligations

In € millions	Post-employment plans 31.12.2012	31.12.2011
Projected benefit obligation	145.0	132.4
Fair value of plan assets	0.0	(8.6)
Projected benefit obligation net of plan assets	**145.0**	**123.8**
Unrecognised past service cost	(3.7)	(6.5)
Liability recognised in the balance sheet – defined benefit plans	**141.3**	**117.3**
Liability recognised in the balance sheet – defined contribution plans	38.4	39.8
Total liability recognised in the balance sheet for pension and other post-employment benefit plans	**179.7**	**155.6**
Other long-term benefit obligations	18.8	15.7
Of which length-of-service and jubilee awards	*18.8*	*15.7*
Total liability recognised in the balance sheet for long-term benefit obligations*	**198.6**	**171.3**

* Benefit obligations are mainly carried on the books of the French (€197.2 million) and Italian entities (€0.9 million).

15.3.3 Analysis of cost of benefit obligations

	Post-employment plans	
In € millions	31.12.2012	31.12.2011
Current service cost (net of employee contributions)	**7.2**	**7.1**
Interest cost	3.9	3.5
Expected return on plan assets for the period	0.0	0.0
Curtailments and settlements	0.0	0.0
Amortisation of past service cost	2.8	2.8
Post-employment benefit expense – defined benefit plans	**13.9**	**13.4**
Post-employment benefit expense – defined contribution plans	10.5	22.8
Total post-employment benefit expense	**24.4**	**36.2**

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

	Post-employment plans	
In € millions	31.12.2012	31.12.2011
At 1 January (1)	**117.5**	**103.9**
Effect of changes in exchange rates (2)	0.0	0.0
Post-employment benefit expense	13.9	13.6
Employer's contributions (3)	(12.0)	0.0
Benefits paid (4)	(2.4)	(9.1)
Actuarial gains and losses recognised in SoRIE (5)	44.5	9.0
Actuarial gains and losses recognised through profit	0.0	0.0
Changes in scope of consolidation (6)	(20.2)	0.1
Non-current liabilities associated with assets held for sale and discontinued operations	0.0	0.0
At 31 December	**141.3**	**117.5**

(1) Net plan assets/(liabilities) carried in the balance sheet at 1 January for defined benefit plans.
(2) Pension (charges)/revenue arising from defined benefit plans.
(3) Management fees paid on plan assets.
(4) Fees paid by the Group (or rebilled by Caisse des Dépôts).
(5) Actuarial gains and losses recognised immediately in equity in line with Group accounting policies.
(6) The Group entities Laiki Insurance, Laiki Cyprialife and Laiki Insurance Holdings Ltd wound up their defined benefit plans and introduced a defined contribution plan with effect from 1 January 2012. The derecognition of existing commitments for defined benefit plans resulted in a profit of €2.5 million.

15.3.5 Change in actuarial gains

	Post-employment plans	
In € millions	31.12.2012	31.12.2011
Actuarial gains and losses recognised in equity at the beginning of the period	**35.7**	**26.8**
Actuarial gains and losses on employee benefits recognised in the balance sheet	44.5	9.0
Actuarial gains and losses recognised in equity at the end of the period	**80.2**	**35.7**

ANALYSIS OF THE MAIN COMPONENTS OF THE INCOME STATEMENT

Note 16 Revenue

Revenue comprises:

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

16.1 Earned premiums and revenue from other activities

Business segment and contract type *In € millions*	**31.12.2012**	**31.12.2011**
Insurance contracts	**19,945.7**	**22,751.8**
Life	**17,112.5**	**20,013.2**
Pure premiums	15,939.1	18,746.3
Loadings	1,173.4	1,266.9
Non-life	**2,833.2**	**2,738.6**
Pure premiums	2,124.7	2,022.1
Loadings	708.5	716.6
Financial instruments with DPF	**6,442.6**	**7,167.2**
Pure premiums	6,361.2	7,056.2
Loadings	81.4	111.0
Earned premiums	**26,388.3**	**29,918.9**

Revenue from other activities *In € millions*	**31.12.2012**	**31.12.2011**
Financial instruments without DPF	**78.3**	**117.7**
Loadings	78.3	117.7
On premiums	71.8	86.2
On outstandings	6.5	31.5
Services (IAS 18)	**110.2**	**106.7**
Other activities	**13.2**	**1.7**
Total	**201.8**	**226.1**

16.2 Reconciliation to reported revenue

In € millions	**31.12.2012**	**31.12.2011**
Earned premiums	26,388.3	29,918.9
Loadings on premiums on financial instruments without DPF (IAS 39)	71.8	86.2
Total	**26,460.1**	**30,005.1**

16.3 Revenue by distribution partner

In € millions	31.12.2012	31.12.2011
La Banque Postale	9,624.2	10,183.1
Caisses d'Epargne	7,011.8	8,807.8
CNP Trésor	604.0	669.6
Financial institutions	1,487.9	1,448.3
Companies and Local Authorities	1,806.5	1,696.6
Mutual insurance societies	885.2	974.4
Foreign subsidiaries	4,972.6	6,141.0
Other	68.0	84.2
Total revenue	**26,460.1**	**30,005.1**

16.4 Revenue by business segment

In € millions	31.12.2012	31.12.2011
Savings	**17,170.4**	**20,420.0**
Pensions	**3,357.1**	**3,720.4**
Personal risk	1,904.8	1,917.5
Loan insurance	3,149.0	3,140.9
Health insurance	514.0	465.8
Property & Casualty	364.7	340.5
Sub-total personal risk and other	**5,932.5**	**5,864.7**
Other business segments	**0.0**	**0.0**
Total revenue	**26,460.1**	**30,005.1**

16.5 Revenue by company

In € millions	31.12.2012	31.12.2011
CNP Assurances	18,778.9	21,153.0
CNP IAM	2,137.4	2,034.7
Préviposte	187.7	221.6
ITV	40.3	38.7
CNP International	0.0	0.0
La Banque Postale Prévoyance	178.9	170.5
MFPrévoyance SA	221.4	331.9
CNP Seguros de Vida	53.1	31.7
Caixa Seguros Group	2,876.9	2,764.2
CNP UniCredit Vita	1,160.3	1,698.8
CNP Vida	148.3	172.6
CNP Laiki Insurance Holdings	189.7	210.4
CNP Europe Life Ltd	59.0	449.9
CNP Barclays Vida y Pensiones	428.2	727.1
Total revenue	**26,460.1**	**30,005.1**

16.6 Revenue by country

	Under IFRS		Under French GAAP	
In € millions	31.12.2012	31.12.2011	31.12.2012	31.12.2011
France	21,487.5	23,864.0	21,712.7	23,965.0
Italy	1,374.3	2,062.3	1,594.6	2,346.0
Portugal	60.2	224.0	162.5	297.2
Brazil	2,876.9	2,764.2	3,286.6	3,177.0
Argentina	53.1	31.7	53.1	31.7
Spain	367.8	397.6	368.4	397.6
Cyprus	176.9	210.4	177.4	220.5
Ireland	1.4	449.9	1.4	449.9
Other	61.9	1.0	62.6	1.0
Total revenue	**26,460.1**	**30,005.1**	**27,419.4**	**30,886.0**

16.7 Direct and inward reinsurance premiums

In € millions	31.12.2012	31.12.2011
Insurance premiums	25,586.8	29,140.6
Inward reinsurance premiums	873.3	864.5
Total revenue	**26,460.1**	**30,005.1**

Note 17 Claims and benefit expenses

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

IFRS 4 and IAS 39 insurance contracts and financial instruments with DPF *In € millions*	31.12.2012	31.12.2011
Incurred claims	9,811.4	8,292.5
Endowments due	1,550.0	1,455.4
Benefits due	1,190.1	2,146.6
Surrenders	14,334.8	13,896.9
Credited interest and policyholder dividends included in paid benefits	(68.3)	(33.3)
Benefit and claim handling expenses	130.1	126.5
Claims and benefits	**26,948.1**	**25,884.6**
Change in technical reserves – insurance contracts	4,994.2	5,324.8
Change in technical reserves – financial instruments with DPF	(7,121.0)	(6,926.0)
Change in other technical reserves	465.3	30.7
Change in technical reserves	**(1,661.5)**	**(1,570.5)**
Credited interest	1,738.3	1,886.7
Policyholder dividends	6,750.9	4,860.7
Credited interest and policyholder dividends	**10,663.2**	**6,747.4**
Claims and benefits expenses	**35,949.8**	**31,061.5**

Note 18 Administrative expenses and business acquisition costs

18.1 Expenses analysed by function

In € millions	31.12.2012	31.12.2011
Commissions	(2,998.6)	(2,934.4)
Expenses analysed by function	(259.3)	(210.7)
Business acquisition costs	**(3,257.8)**	**(3,145.1)**
Contract administration expenses	**(204.8)**	**(204.5)**
Other underwriting income and expenses	(306.6)	(298.3)
Other income and expenses	(114.2)	2.7
Employee profit-sharing	(21.6)	(14.6)
Other recurring operating income and expense, net	**(442.5)**	**(310.2)**
Total	**(3,905.1)**	**(3,659.8)**

18.2 Expenses analysed by nature

In € millions	31.12.2012	31.12.2011
Depreciation and amortisation expense and impairment losses	34.6	30.5
Employee benefits expense	417.4	392.0
Taxes other than on income	117.7	124.5
Other	354.4	391.3
Total	**924.0**	**938.3**

As these tables only include line item disclosures required under IAS 1, total expenses analysed by nature do not tie back to total expenses analysed by function.

18.3 Administrative expenses, net

In € millions	31.12.2012	31.12.2011
Contract administration costs, net*		
Excluding foreign subsidiaries	571.2	571.3
Including foreign subsidiaries and other businesses	891.6	885.9
Ratio* Contract administration costs / Technical reserves**		
Excluding foreign subsidiaries and other businesses	0.21%	0.22%
Including foreign subsidiaries and other businesses	0.30%	0.31%
* Excluding CNP Trésor set-up expenses.	35.6	36.4

** Insurance and financial liabilities, excluding deferred participation.

18.4 Analysis of commission expense

In € millions	31.12.2012	31.12.2011
Caisses d'Epargne	833.5	857.4
La Banque Postale	604.2	580.0
Other	1,560.9	1,497.1
Total	**2,998.6**	**2,934.4**

Note 19 Reinsurance result

In € millions	31.12.2012	31.12.2011
Ceded premiums	(938.9)	(1,306.5)
Change in ceded technical reserves	1,120.1	1,355.6
Reinsurance commissions received	266.1	189.1
Investment income	(403.4)	(237.0)
Total	**43.8**	**1.2**

Note 20 Investment income

20.1 Investment income and expense

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

In € millions		31.12.2012	31.12.2011
Available-for-sale financial assets	Interest income	8,017.9	8,550.0
	Income from other financial assets	1,146.8	1,297.1
	Capital gains and losses on disposals	(840.9)	1,079.9
	Impairment	1,649.1	(2,746.3)
	Net income from available-for-sale financial assets	**9,972.8**	**8,180.8**
Held-to-maturity investments	Interest income	95.8	102.9
	Other income	0.0	4.7
	Impairment	0.8	4.5
	Net income from held-to-maturity investments	**96.6**	**112.1**
Loans and receivables	Interest on loans	19.6	57.9
	Other income	0.0	0.0
	Impairment	0.0	0.0
	Net income from loans and receivables	**19.6**	**57.9**
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	6,632.3	(1,277.2)
	Profit (loss) on derivative instruments held for trading and hedging	(965.1)	(526.7)
	Capital gains and losses on disposals	42.6	(30.3)
	Net income (expense) from financial assets at fair value through profit or loss	**5,709.7**	**(1,834.1)**
Investment property	Rent and other revenue	96.7	193.3
	Fair value adjustments	(6.7)	26.9
	Capital gains and losses on disposals	30.8	43.1
	Net income from investment property	**120.8**	**263.3**
Other investment expenses		(196.9)	(347.6)
Dilution gain		0	0.0
TOTAL INVESTMENT INCOME		**15,722.6**	**6,432.3**
Interest on subordinated debt at amortised cost		(157.2)	(149.9)
Interest on subordinated debt at fair value		0.0	0.0
Total finance costs		**(157.2)**	**(149.9)**
TOTAL INVESTMENT INCOME NET OF FINANCE COSTS		**15,565.4**	**6,282.3**

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

In € millions	31.12.2012	31.12.2011
Investment income before finance costs	16,934.7	6,908.6
Investment and other financial expenses, excluding finance costs	(1,212.1)	(476.3)
Finance costs	(157.2)	(149.9)
Total	**15,565.4**	**6,282.3**

20.2 Fair value adjustments to assets

The following tables show fair value adjustments to assets in 2012 and 2011.

20.2.1 Fair value adjustments to assets – 2012

In € millions		Investments held at 31.12.2012	Investments held at 31.12.2011	Change Movements in 2012
Assets at fair value through profit or loss	Fixed-rate bonds	10,930.6	10,766.1	164.5
	Variable-rate bonds	20,062.2	16,224.6	3,837.6
	TCNs (money market securities)	162.6	395.5	(232.9)
	Equities	4,641.6	4,944.7	(303.1)
	Mutual fund units	28,259.6	26,676.4	1,583.3
	Shares in non-trading property companies	1,324.6	1,396.1	(71.4)
	Other (including lent securities and repos)	110.9	1.4	109.5
	Total	**65,492.2**	**60,404.9**	**5,087.3**
Derivative instruments	Derivative instruments (positive fair value)	4,340.8	3,583.3	757.5
	Derivative instruments (negative fair value)	(4,622.4)	(3,179.2)	(1,443.2)
	Total	**(281.6)**	**404.1**	**(685.7)**
Available-for-sale financial assets	Fixed-rate bonds	172,399.1	152,023.9	20,375.2
	Variable-rate bonds	29,666.1	25,636.6	4,029.5
	TCNs (money market securities)	9,298.4	15,370.0	(6,071.6)
	Equities	12,201.8	13,392.9	(1,191.2)
	Mutual fund units	20,388.5	14,225.1	6,163.5
	Shares in non-trading property companies	3,493.9	3,713.9	(220.0)
	Non-voting loan stock	3,399.9	62.2	3,337.7
	Other (including lent securities and repos)	4,440.0	7,284.3	(2,844.3)
	Total	**255,287.7**	**231,708.9**	**23,578.8**
Held-to-maturity investments	Fixed-rate bonds	389.4	1,031.9	(642.5)
	Variable-rate bonds	553.1		553.1
	Total	**942.5**	**1,031.9**	**(89.4)**
Loans and receivables	Loans and receivables	4,975.8	4,437.6	538.2
	Total	**4,975.8**	**4,437.6**	**538.2**
Investment property	Investment property at amortised cost	2,890.3	2,319.0	571.3
	Investment property at fair value	624.4	511.5	112.9
	Total	**3,514.7**	**2,830.5**	**684.2**
TOTAL		**329,931.3**	**300,818.0**	**29,113.3**

20.2.2 Fair value adjustments to assets – 2011

In € millions		Investments held at 31.12.2011	Investments held at 31.12.2010	Change Movements in 2012
Assets at fair value through profit or loss	Fixed-rate bonds	10,766.1	17,931.5	(7,165.3)
	Variable-rate bonds	16,224.6	9,592.8	6,631.9
	TCNs (money market securities)	395.5	191.3	204.3
	Equities	4,944.7	6,574.1	(1,629.4)
	Mutual fund units	26,676.4	28,276.7	(1,600.4)
	Shares in non-trading property companies	1,396.1	1,465.8	(69.7)
	Other (including lent securities and repos)	1.4	0.9	0.5
	Total	**60,404.9**	**64,033.1**	**(3,628.2)**
Derivative instruments	Derivative instruments (positive fair value)	3,583.3	3,012.8	570.5
	Derivative instruments (negative fair value)	(3,179.2)	(2,356.2)	(822.9)
	Total	**404.1**	**656.5**	**(252.4)**
Available-for-sale financial assets	Fixed-rate bonds	152,023.9	177,743.9	(25,720.0)
	Variable-rate bonds	25,636.6	7,830.3	17,806.3
	TCNs (money market securities)	15,370.0	7,963.2	7,406.8
	Equities	13,392.9	17,269.4	(3,876.4)
	Mutual fund units	14,225.1	10,172.0	4,053.1
	Shares in non-trading property companies	3,713.9	3,140.5	573.4
	Non-voting loan stock	62.2	66.9	(4.7)
	Other (including lent securities and repos)	7,284.3	6,086.1	1,198.2
	Total	**231,708.9**	**230,272.2**	**1,436.7**
Held-to-maturity investments	Fixed-rate bonds	1,031.9	1,237.3	(205.4)
	Total	**1,031.9**	**1,237.3**	**(205.4)**
Loans and receivables	Loans and receivables	4,437.6	3,959.4	478.1
	Total	**4,437.6**	**3,959.4**	**478.1**
Investment property	Investment property at amortised cost	2,319.0	1,769.3	549.7
	Investment property at fair value	511.5	485.3	26.2
	Total	**2,830.5**	**2,254.6**	**575.9**
TOTAL		**300,818.0**	**302,413.2**	**(1,595.2)**

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

In € millions	31.12.2012	31.12.2011
Fair value of investments	329,931.3	300,818.0
Unrealised gains and losses, net	(1,083.4)	(1,094.2)
Carrying amount of investments	**328,847.9**	**299,723.8**

20.3 Impairment

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

In € millions	31.12.2012	31.12.2011
Available-for-sale financial assets	**(918.8)**	**(3,085.3)**
Fixed-rate bonds	(1.2)	(1,353.2)
Variable-rate bonds	(35.0)	(49.9)
TCNs (money market securities)	0.0	0.0
Equities	(701.3)	(1,567.7)
Equity funds	(11.2)	(32.3)
Non-voting loan stock	(63.9)	(0.1)
Other (including mutual fund units)	(106.2)	(82.1)
Held-to-maturity investments	**(4.3)**	**0.0**
Loans and receivables	**0.0**	**0.0**
Total impairment expense	**(923.1)**	**(3,085.3)**
Available-for-sale financial assets	**2,569.0**	**339.0**
Fixed-rate bonds	1,312.1	145.6
Variable-rate bonds	8.0	45.8
TCNs (money market securities)	0.0	0.0
Equities	1,129.0	65.5
Equity funds	58.6	31.6
Non-voting loan stock	22.6	(0.1)
Other (including mutual fund units)	37.5	50.6
Held-to-maturity investments	**5.1**	**4.5**
Loans and receivables	**0.0**	**0.0**
Total impairment reversals	**2,572.9**	**343.5**
Net change in impairment provisions	**1,649.8**	**(2,741.8)**

Impairment of equities consists mainly of additional provisions taken against GDF Suez, Peugeot, Koninklijke KPN, and UniCredit shares, as well as new provisions booked on shares in Arcelor Mittal and Lafarge.

Reversal of writedown of equities as a result of disposals includes shares in Ageas, Technicolor RGPT and Vivendi.

Reversal of writedown of fixed-rate bonds includes the €1.3 billion write-down taken on Greek bonds in 2011.

Note 21 Income tax expense

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

In € millions	31.12.2012	31.12.2011
Current tax	655.0	545.4
Deferred tax	240.5	(80.5)
Income tax expense	**895.5**	**465.0**
Profit for the period	1,258.4	1,141.0
Tax rate	41.58%	28.95%
Income tax expense	**895.5**	**465.0**

Tax proof *In € millions*	31.12.2012		31.12.2011	
	Rate	Amounts	Rate	Amounts
Profit before tax		2,153.9		1,606.0
Income tax at the standard French tax rate	36.10%	777.5	36.10%	579.8
Permanent differences*	5.00%	107.7	-3.09%	(49.6)
Capital gains and losses taxed at reduced rate	-0.20%	(4.3)	-2.55%	(41.0)
Tax credits and tax loss carryforwards used	-1.13%	(24.4)	0.02%	0.3
Effects of differences in foreign tax rates**	0.00%	0.0	-2.02%	(32.4)
Other provisions	1.81%	38.9	0.50%	8.0
Total	**41.58%**	**895.5**	**28.95%**	**465.0**

* Including an estimated €101.9 million charge in respect of the additional 7% levy on the capitalisation reserve pursuant to the 2013 Finance Act.

** Including €22.9 million for the 5% income tax surcharge voted by the French parliament in December 2011 (raising the theoretical tax rate from 34.43% to 36.10%)

Deferred taxes on: *In € millions*	31.12.2012	31.12.2011
Fair value adjustments to financial assets held for trading	740.3	(449.2)
Deferred participation asset/reserve	(631.2)	403.3
Fair value adjustments to other financial assets	33.6	53.4
Shadow accounting adjustments to items recognised directly in equity	0.0	0.0
Revaluations of owner-occupied property reclassified as investment property	0.0	0.0
Timing differences	0.0	0.0
Other	97.8	(88.0)
Total	**240.5**	**(80.5)**

OTHER ANALYSIS

Note 22 Financial risks

22.1 Credit risk

The Group's credit risk policies are presented in section 2 of this Registration Document in Corporate governance and internal control (Note 2.5.5).

Note 9.8 to the consolidated financial statements analyses the Group's bond portfolio by issuer rating.

22.2 Currency risk

Most portfolios covering insured liabilities are invested in assets denominated in their own functional currency. As a result, portfolio exposure to currency risks is very limited. Less than 1% of the investments of the French companies in the Group are denominated in currencies other than the euro.

The Group performs currency stress testing to assess the impact on profit and equity of fluctuations of +10% in the euro/dollar and euro/sterling exchange rates as most of its currency exposure is on monetary assets and liabilities denominated in dollars or sterling. The cumulative estimated impact for the US dollar and the pound sterling represents less than 3.5% and 2%, respectively, of recurring operating profit.

22.3 Interest rate risk on financial assets

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

22.3.1 Cap and floors

The following tables show the nominal amount of caps and floors by strike price and remaining term at 31 December 2012 and 31 December 2011.

22.3.1.1 Caps and floors at 31 December 2012

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	≥ 10 years	Total
<5%	5,160	2,659	3,420	3,588	3,092	7,043	3,740	1,372	1,585	5,630	37,289
≥ 5% <6%	1,310	1,450	4,542	3,590	3,509	2,310	880	300	300	3,760	21,951
≥ 6% <7%	400	0	0	0	0	0	0	0	0	0	400
≥ 7% <8%	0	0	0	0	0	0	0	0	0	0	0
≥ 8% <9%	0	0	0	0	0	0	0	0	0	7	7
≥ 9% <10%	0	0	0	0	0	0	0	0	0	0	0
Total	**6,870**	**4,109**	**7,962**	**7,178**	**6,601**	**9,353**	**4,620**	**1,672**	**1,885**	**9,397**	**59,646**

22.3.1.2 Caps and floors at 31 December 2011

	Residual life										
In € millions	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	≥ 10 years	Total
<5%	2,405	5,164	2,655	3,420	3,588	3,092	7,043	3,744	1,367	1,884	34,361
≥ 5% <6%	1,415	1,310	1,450	4,542	3,590	3,509	2,310	880	300	4,060	23,366
≥ 6% <7%	1,115	400	0	0	0	0	0	0	0	0	1,515
≥ 7% <8%	0	0	0	0	0	0	0	0	0	0	0
≥ 8% <9%	0	0	0	0	0	0	0	0	0	6	6
≥ 9% <10%	0	0	0	0	0	0	0	0	0	0	0
Total	**4,935**	**6,874**	**4,105**	**7,962**	**7,178**	**6,601**	**9,353**	**4,624**	**1,667**	**5,950**	**59,247**

22.3.2 Effective Interest rates

This note shows effective interest rates on fixed-rate bonds and zero coupon bonds at the end of the reporting period and the purchase date.

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

- France
- Italy
- Brazil
- Spain

22.3.2.1 Effective interest rates at purchase

	31.12.2012		31.12.2011	
	Fixed-rate debt securities	Fixed-rate bonds	Fixed-rate debt securities	Fixed-rate bonds
France	EUR	3.95%	EUR	4.19%
Italy	EUR	3.71%	EUR	3.83%
Brazil	Real	7.20%	Real	10.66%
Spain	EUR	4.93%	EUR	4.70%

22.3.2.2 Effective interest rates at balance sheet date

	31.12.2012		31.12.2011	
	Fixed-rate debt securities	Fixed-rate bonds	Fixed-rate debt securities	Fixed-rate bonds
France	EUR	1.84%	EUR	3.70%
Italy	EUR	3.30%	EUR	3.39%
Brazil	Real	7.19%	Real	10.66%
Spain	EUR	4.13%	EUR	6.25%

22.3.3 Carrying amounts by maturity

22.3.3.1 Carrying amounts by maturity at 31 December 2012

Type of instrument *In € millions*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Fixed-rate bonds	16,349.1	15,605.3	15,612.4	14,325.7	12,535.4	106,478.1	**180,906.0**
Zero coupon bonds	8,688.5	189.8	250.5	527.6	880.3	10,511.2	**21,047.9**
Adjustable-rate bonds	876.7	816.7	145.6	50.4	389.3	1,528.0	**3,806.7**
Variable-rate bonds	744.4	680.2	765.7	504.9	259.7	715.6	**3,670.5**
Index-linked fixed-rate bonds	941.8	8.2	361.3	724.7	1,416.6	9,764.3	**13,216.9**
Other bonds	3,372.9	3,553.1	2,018.3	2,428.9	2,130.9	10,766.9	**24,270.9**
Total	**30,973.4**	**20,853.3**	**19,153.8**	**18,562.2**	**17,612.2**	**139,764.1**	**246,918.9**

22.3.3.2 Carrying amounts by maturity at 31 December 2011

Type of instrument *In € millions*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Fixed-rate bonds	13,763.4	12,608.8	12,599.2	14,233.1	12,533.0	96,992.8	**162,730.3**
Zero coupon bonds	10,959.3	412.2	232.8	178.2	150.4	9,751.1	**21,684.0**
Adjustable-rate bonds	277.3	292.6	72.8	37.6	30.4	1,390.9	**2,101.6**
Variable-rate bonds	2,526.8	1,492.8	1,707.3	738.1	493.6	753.6	**7,712.2**
Index-linked fixed-rate bonds	1,021.3	958.2	18.6	269.6	696.8	7,193.2	**10,157.7**
Other bonds	1,170.4	1,810.4	2,291.3	1,682.6	2,020.2	10,050.4	**19,025.3**
Total	**29,718.5**	**17,575.0**	**16,922.0**	**17,139.2**	**15,924.4**	**126,132.0**	**223,411.1**

22.3.4 Carrying amounts at maturity – held-to-maturity investment

22.3.4.1 Carrying amount at 31 December 2012

Carrying amount of financial instruments measured at amortised cost *In € millions*	Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	148.6	104.6	165.4	54.3	164.9	216.4	**854.1**
Loans and receivables	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**148.6**	**104.6**	**165.4**	**54.3**	**164.9**	**216.4**	**854.1**

22.3.4.2 Carrying amount at 31 December 2011

Carrying amount of financial instruments measured at amortised cost *In € millions*	- Due within 1 year	Due in 1 to 2 years	Due in 2 to 3 years	Due in 3 to 4 years	Due in 4 to 5 years	Beyond 5 years	Total
Held-to-maturity investments	147.8	163.2	120.6	159.8	58.6	378.7	**1,028.7**
Loans and receivables	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**147.8**	**163.2**	**120.6**	**159.8**	**58.6**	**378.7**	**1,028.7**

22.3.5 Average life of securities

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

22.3.5.1 Average remaining life of securities – 31 December 2012

France	Italy	Brazil	Spain
6.3	**3.8**	**2.0**	**4.8**

22.3.5.2 Average remaining life of securities – 31 December 2011

France	Italy	Brazil	Spain
6.6	4.2	2.5	5.1

22.4 Sensitivity of MCEV® to market risks

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

The Group's Embedded Value reporting is based on CFO Forum MCEV® Principles (Market Consistent European Embedded Value Principles developed by a group of Finance Directors from Europe's top insurance companies set up in 2002). The Brazilian subsidiary CAIXA Seguros has continued to apply the Group's traditional reporting procedure and deterministic models are used by smaller Group entities whose policies do not generally include options or financial guarantees.

CNP Assurances uses valuation techniques for measuring financial options based on market consistent financial assumptions at 31 December 2012.

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

MCEV® is the sum of:

- adjusted net asset value (ANAV), which corresponds to the market value of assets attributable to shareholders after deducting intangible assets, subordinated debt and other items included in In-Force covered business;
- the value of In-Force business, comprising the present value of future profits (PVFP) net of taxes generated on In-Force business at the measurement date. For France, the reference rate curve is the swap yield curve plus a liquidity premium determined using product typologies in accordance with QIS 5 technical specifications under Solvency II. MCEV® for CNP UniCredit Vita (the Italian subsidiary), CNP Vida (the Spanish subsidiary) and CNP Barclays Vida y Pensiones (subsidiary with activities in Italy, Spain and Portugal) was measured using the relevant government bond yield curves.

The market risk sensitivity of MCEV® is tested to measure the impact of interest rate and equity volatilities. MCEV® principles and the Group's traditional value reporting procedure cover CNP Assurances SA, the Group's main subsidiaries in France, the Brazilian subsidiary CAIXA, the Italian subsidiary CNP UniCredit Vita, the Spanish subsidiaries CNP Vida and CNP Barclays Vida y Pensiones, and the Cypriot subsidiary, CNP Laiki Insurance Holdings. Sensitivity tests are conducted using the following scenarios:

- the impact of an immediate positive or negative 100-basis point change in the swap yield curve. This would result in:
  - a revaluation of bond prices;
  - a 100-basis point adjustment to the reinvestment rate for all categories of assets; and

    - a change in discount rates.

  The impact on mathematical reserves for unit-linked portfolios is not measured;

- the impact of an immediate 10% fall in equity and property prices. As well as a 10% fall in equity and property prices, this also leads to a drop in mathematical reserves for the proportion of unit-linked portfolios invested in equities.

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

Market risk sensitivity of MCEV® to interest rate and equity volatilities at 31 December 2012

In € millions	100 bp increase in interest rates	100 bp decrease in interest rates	10% decrease in equity prices
Impact on MCEV®	**(286.0)**	**(256.0)**	**(647.0)**

Market risk sensitivity of MCEV® to interest rate and equity volatilities at 31 December 2011

In € millions	100 bp increase in interest rates	100 bp decrease in interest rates	10% decrease in equity prices
Impact on MCEV®	(63.0)	(122.0)	(684.0)

Sensitivity to insurance risks are presented in Note 24.

Note 23 Liquidity risk and asset liability management

23.1 Liquidity risk

23.1.1 Future cash flows from assets

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

23.1.1.1 Future cash flows from assets at 31 December 2012

Intended holding period *In € millions*	**< 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**
Available-for-sale financial assets	29,686	94,152	95,451	23,358
Assets held for trading and assets measured at FV	4,646	15,873	7,406	2,262
Held-to-maturity investments	160	673	260	82
Loans and receivables	22			

23.1.1.2 Future cash flows from assets at 31 December 2011

Intended holding period *In € millions*	**< 1 year**	**1 to 5 years**	**5 to 10 years**	**10 to 15 years**
Available-for-sale financial assets	28,281	91,747	90,195	35,856
Assets held for trading	4,453	14,901	5,769	1,124
Held-to-maturity investments	148	649	224	156
Loans and receivables	351	-	-	-

For “assets held for trading”, the previously-published amount of €55,719 has been corrected to €5,769.

23.1.2 Payment projections by maturity

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

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

23.1.2.1 Payment projections by maturity at 31 December 2012

In € millions	**Within 1 year**	**In 1 to 5 years**	**In 5 to 10 years**	**In 10 to 15 years**	**Beyond 15 years**
Insurance and financial liabilities (incl. linked liabilities)	19,006.8	75,863.6	61,162.7	42,328.9	138,342.3

23.1.2.2 Payment projections by maturity at 31 December 2011

In € millions	**Within 1 year**	**In 1 to 5 years**	**In 5 to 10 years**	**In 10 to 15 years**	**Beyond 15 years**
Insurance and financial liabilities (incl. linked liabilities)	17,494.0	81,914.4	60,297.0	39,997.8	133,744.4

23.1.3 Contracts with immediate surrender option

In € millions	31.12.2012
Contracts with immediate surrender option	252,652.0
Contracts with no immediate surrender option	43,106.1

Contracts with an immediate surrender option represented a total liability of €252.7 billion at 31 December 2012 (€250.3 billion at 31 December 2011). This amount, corresponding to insurance and financial liabilities recognised in the balance sheet, relates to products with a clause allowing for their surrender or transfer by the policyholder. Term creditor products, group personal risk products, certain annuity products and “Madelin Act” pension products do not include a surrender or transfer option.

The maximum surrender risk indicated above does not take into account the behaviour of policyholders, who tend to significantly extend the effective duration of their contracts, as reflected in Note 23.1.2.

23.2 Asset/liability management

The Group’s credit risk policies are presented in section 2 of this Registration Document in Corporate governance and internal control (Note 2.5.6).

23.3 Reconciliation of unit-linked assets and liabilities

In € millions	31.12.2012	31.12.2011
Investment properties held to cover linked liabilities	1,079.6	1,026.7
Financial assets held to cover linked liabilities	34,986.4	33,758.7
Investments in associates held to cover linked liabilities (consolidated mutual funds and non-trading property companies)	0.0	0.0
Other assets held to cover linked liabilities (e.g., non-financial assets held by consolidated non-trading property companies)	0.0	0.0
Total assets held to cover linked liabilities – carrying amount	**36,066.0**	**34,785.4**
Linked liabilities – financial instruments without DPF	7,913.0	7,308.0
Linked liabilities – insurance contracts and financial instruments with DPF (other than guaranteed capital reserves)	28,455.4	27,513.5
Total linked liabilities	**36,368.4**	**34,821.5**
Guaranteed capital reserves	3.4	31.9
Total linked liabilities	**36,371.8**	**34,853.4**

The asset-liability mismatch on unit-linked contracts mainly relates to provisions for outstanding claims included in linked liabilities but with no dedicated assets for the purpose of this note.

Note 24 Risks related to insurance and financial liabilities

24.1 Management of risks related to insurance and financial liabilities

The Group has established management information systems designed to ensure that it fulfils its commitments to shareholders for the purpose of analysing the components of profit and value creation and supporting underwriting and pricing decisions, based on specific analyses performed for each individual insurance application.

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

The Group's policies for managing risks related to insurance and financial liabilities are presented in section 2 of this Registration Document in Corporate governance and internal control (Note 2.5.3).

24.2 Contract terms and conditions

24.2.1 Types of insured risk by class of business

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

Savings contracts: mainly financial commitments

Savings contracts fall into two broad categories:

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

Pension products: technical and financial commitments

Commitments associated with annuity-based pension products depend on:

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

Personal risk contracts, giving rise to a technical commitment

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

24.2.2 Description of the main policyholder guarantees

Traditional savings contracts give rise to a commitment to pay a capital sum. These contracts generally pay a minimum yield plus policyholder dividends.

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

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

- voluntary individual pension accounts ("Article 82" accounts) giving rise to the payment of a life annuity from retirement. Retirement age is decided by the insured and a reversionary pension may be paid to a named beneficiary. The contract includes an option to convert the annuity into a lump sum;
- compulsory individual pension accounts ("Article 83" accounts) giving rise to the payment of a life annuity. The total annuities paid to the insured are based directly on the insured's salary during the contribution period and a reversionary pension may be paid to a named beneficiary;

- defined benefit plans (“Article 39” plans) funded by contributions based on total payroll. The contributions are paid into a mutual fund. When each plan participant retires, the total amount of future pension benefits is transferred from the mutual fund to the pension fund. Benefits are paid in the form of annuities;
- points-based pay-as-you-go group pension plans (“Article L. 441-1” plans) giving rise to the payment of annuities corresponding to the number of points earned during the contribution period multiplied by the value of one point. Annuities are adjusted based on changes in the value of a point;
- immediate and deferred annuity contracts, giving rise to the payment of annuities immediately or at the end of a specified period.

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

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

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

In addition, the Group’s subsidiaries in Brazil (CAIXA Seguros) and in Cyprus and Greece (CNP Laiki Insurance Holdings) write Property & Casualty and liability insurance. The cover provided under these contracts is determined in accordance with local insurance regulations. Commitments under Property & Casualty and liability insurance are marginal in relation to those arising from the personal insurance written by the Group.

24.2.3 Participation clauses

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

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

Participation rates are determined based on the local accounts.

24.3 Valuation of insurance liabilities (assumptions and sensitivities)

24.3.1 Technical reserve models

Technical reserves are defined as follows:

- mathematical reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured;
- policyholder surplus reserves correspond to the participation attributed to the contract beneficiaries that is not payable in bonuses in the year following the one in which the surplus was generated;
- administrative expense reserves are intended to cover future contract administration costs that are not otherwise covered;
- escalating risks reserves correspond to the difference between the present values of the respective commitments of the insurer and the insured under temporary and permanent disability and long-term care contracts.
- unearned premium reserves cover the portion of written and accrued premiums for the period between the reporting date and the next premium payment date or the contract expiry date. They are recorded for all types of contracts;
- premium deficiency reserves cover the portion of claims and benefits and the related handling costs for the period between the reporting date and the earliest possible premium adjustment date or the contract expiry date that is not covered by the unearned premium reserve;
- outstanding claims reserves cover the estimated principal amounts and internal and external expenses payable to settle all outstanding claims, including total future annuity payments.

24.3.2 Modelling objectives

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

- managing the risks associated with a fall in interest rates;
- adjusting technical reserves following a change in mortality tables;
- using experience-based data concerning annuities in payment when observed losses appear unusually low compared with expected mortality rates.

24.3.3 Procedure for determining the main assumptions

The assessment of technical reserves is supported by:

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

24.3.4 Assumptions based on market or company-specific variables

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

24.3.5 Use of assumptions that do not reflect historical experience

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

24.3.6 Assumption correlations

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

24.3.7 Sensitivity of MCEV® to changes in surrender rates and loss ratios

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

At 31 December 2012, a 10% fall in surrender rates would have a positive impact of €154 million on MCEV®; a 5% fall in observed losses would have a positive impact of €133 million on MCEV® in respect of mortality and disability risks, and a negative impact of €89 million in respect of longevity.

24.4 Risk of guaranteed yields on insurance and financial liabilities

Traditional savings contracts with a guaranteed yield have been classified by level of commitment, as follows (in declining order):

- contracts offering a guaranteed rate of return and a guaranteed profit share when the contract matures;
- contracts offering a higher fixed rate of return (generally 75% of the TME rate) over a maximum of eight years;
- contracts offering a guaranteed rate of return representing less than 60% of the TME rate at the time of payment.

Technical reserves on traditional savings contracts are analysed by guaranteed yield in the following tables.

31.12.2012		
Guaranteed yield *In € millions*	**Technical reserves**	**%**
0%[1]	151,434.8	51.2%
] 0% - 2%]	20,393.5	6.9%
] 2% - 3%]	36,197.2	12.2%
] 3% - 4%]	2,231.9	0.8%
] 4% - 4.5%]	4,082.9	1.4%
>4.5%[2]	1,909.2	0.6%
Linked liabilities	36,368.4	12.3%
Other[3]	43,140.0	14.6%
TOTAL	**295,758.0**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.
(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern CAIXA Seguros in Brazil, where bond rates are above 7% (see Note 22.2) .
(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to linked liabilities, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

31.12.2011

Guaranteed yield *In € millions*	**Technical reserves**	**%**
0%[(1)]	143,802.0	49.8%
] 0% - 2%]	17,599.9	6.1%
] 2% - 3%]	43,824.7	15.2%
] 3% - 4%]	1,692.6	0.6%
] 4% - 4.5%]	5,142.2	1.8%
>4.5%[(2)]	1,833.4	0.6%
Linked liabilities	34,713.0	12.0%
Other[(3)]	40,161.5	13.9%
TOTAL	**288,769.3**	**100.0%**

(1) Corresponds to technical reserves for life insurance contracts without a guaranteed yield.
(2) Technical reserves for contracts with a guaranteed yield of more than 4.5% mainly concern CAIXA Seguros in Brazil, where bond rates are above 10% (see Note 22.2) .
(3) Comprises all other technical reserves, except for mathematical reserves and liabilities relating to linked liabilities, i.e. non-life technical reserves, policyholder surplus reserves and claims reserves.

24.5 Concentration of insurance risk

24.5.1 Use of reinsurance to reduce concentrations of insurance risk

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

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

24.5.2 Loss exposure per risk and per occurrence

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

- Individual policies:

  death and permanent and total disability risks for all portfolios of individual policies (direct business and inward reinsurance written by CNP Assurances for its LBPP, CNP Vita and CNP Vida subsidiaries) are reinsured on the market as follows: for each catastrophic loss event – defined as an event involving at least five victims – the Group retains ten times the annual social security ceiling (€36,372 in 2012) and the reinsurers cover 1,000 times this ceiling per event and 2,000 times the ceiling per loss year .

- Group policies:

  a) death and disability risks on all Group policies (direct business net of risks ceded to co-insurers, and all quota-share reinsurance purchased from CNP Assurances by provident institutions and mutual insurers) are covered through the *Bureau Commun des Assurances Collectives* pool. The system provides successively for the retention of the two largest claims per insurer, €30 million in co-insurance cover (of which CNP Assurances' share is 26%) and reinsurance cover purchased by the pool from external reinsurers. There are six levels of reinsurance cover, as follows: level 1: 20 XS €30 million; level 2: 100 XS €50 million; level 3: 100 XS €150 million; level 4: 150 XS €250 million; level 5: 100 XS €400 million; level 6: 100 XS €600 million with 200% paid reconstitution except for nuclear and NBC terrorism risks. A loss event is defined as involving three or more victims;

b) catastrophic risks insured by CNP Assurances for provident institutions and mutual insurers are reinsured on the market. A loss event is defined as involving three or more victims. The Group and provident institutions (acting as a matter of priority on behalf of the two or three largest claimants) retain €1.25 million per loss event and the reinsurers cover €37 million per loss event and €74 million per loss year, except for nuclear, and nuclear, biological and chemical terrorism risks, for which the ceiling is €37 million per loss year.

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

Reinsured portfolios are analysed each year, covering:

- the age pyramid, risk dispersion and concentration of insured populations;
- the number, size and cause of paid claims, including a detailed analysis of the largest claims;
- underwriting and reinsurance results.

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

24.5.3 Counterparty risk on reinsurance balances

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

Excess-of-loss contracts have been placed with reinsurers who are rated between A- and AAA (a detailed schedule of reinsurer ratings is presented in Note 10.5).

24.5.4 Insurance-related legal risks

The Group's insurance-related legal risks and its risk management policy are presented in section 2 of this Registration Document in Corporate governance and internal control (Note 2.5.7).