EMBEDDED VALUE REPORT
AT 31 DECEMBER 2013

L'assureur de toute une vie

CONTENTS

1. Introduction

Since 1999, CNP Assurances Group financial reporting has included disclosures of the embedded value of portfolio contracts as well as the value of new business. The scope covers the group's entities that have a significant impact on the value, CNP Assurances and its subsidiaries in France, in Latin America and Europe excluding France.

These indicators provide a picture of the present value of future profits expected from insurer's stock portfolio. Through the New Business value, it offers a more detailed view of the new businesses sold during the current year.

The disclosed values are based on a "Market Consistent" approach. The CNP Assurances Group's calculations comply with MCEV©[1] standards, as set out in the "The European Insurance CFO Forum Market Consistent Embedded Value Principles", with the exceptions of the valuation of Caixa Seguros, which is based on the traditional embedded value method.

These valuations are methodologically reviewed and the coherence of the results is verified. The verifications lead to the certification by the Milliman firm.

Furthermore, the MCEV©[1] sensitivities have been integrated in the IFRS 7 notes to the financial statements, and as such are subject to review by the auditors.

[1] Copyright © Stichting CFO Forum Foundation 2008

2. Results

2.1 MCEV© as of 31 December 2013

MCEV© Standards	MCEV 2013 before payment of 2013 dividends		MCEV 2012 after payment of 2012 dividends and dilutive effects		Change before payment of 2013 dividends		MCEV 2012 before payment of 2012 dividends	
	€m	€ per share [2]	€m	€ per share [2]	€m	%	€m	€ per share [2]
ANAV – Adjusted Net Asset Value	**11,422**	**16.6**	**10,615**	**15.5**	**807**	**8%**	**10,671**	**16.6**
Required Capital	8,665	12.6	8,288	12.1	377	5%	8,288	12.9
Free Surplus	2,757	4.0	2,327	3.4	430	18%	2,383	3.7
VIF – Value of In Force	**4,553**	**6.6**	**3,184**	**4.6**	**1,369**	**43%**	**3,184**	**5.0**
Present Value of Future Profits	7,003	10.2	6,134	8.9	869	14%	6,134	9.6
Time Value of Options and Guarantees	-728	-1.1	-1,275	-1.9	547	-43%	-1,275	-2.0
Frictional Costs of Required Capital	-1,110	-1.6	-1,075	-1.6	-35	3%	-1,075	-1.7
Costs of Non-Hedgeable Risks	-612	-0.9	-601	-0.9	-12	2%	-601	-0.9
MCEV© - Market Consistent Embedded Value	**15,975**	**23.3**	**13,799**	**20.1**	**2,176**	**16%**	**13,855**	**21.6**

[2] Number of shares at 31/12/2013 : 686 618 477 (average number of shares at 2012 : 641 508 774).

The 2013 MCEV© value of CNP Assurances is €15,975m, 16% up on the 2012 value after dividends. This change is based on a 43% increase in VIF and an 8% increase in the ANAV, driven by the results achieved in 2013.

Favourable developments in the financial markets (lower volatility in rates and shares, bullish equity markets) have resulted in a rise in expected profits combined with a fall in the cost of the surrender option and guaranteed rates. These effects also reflect updated claims projection assumptions, in accordance with experience and policyholder characteristics.

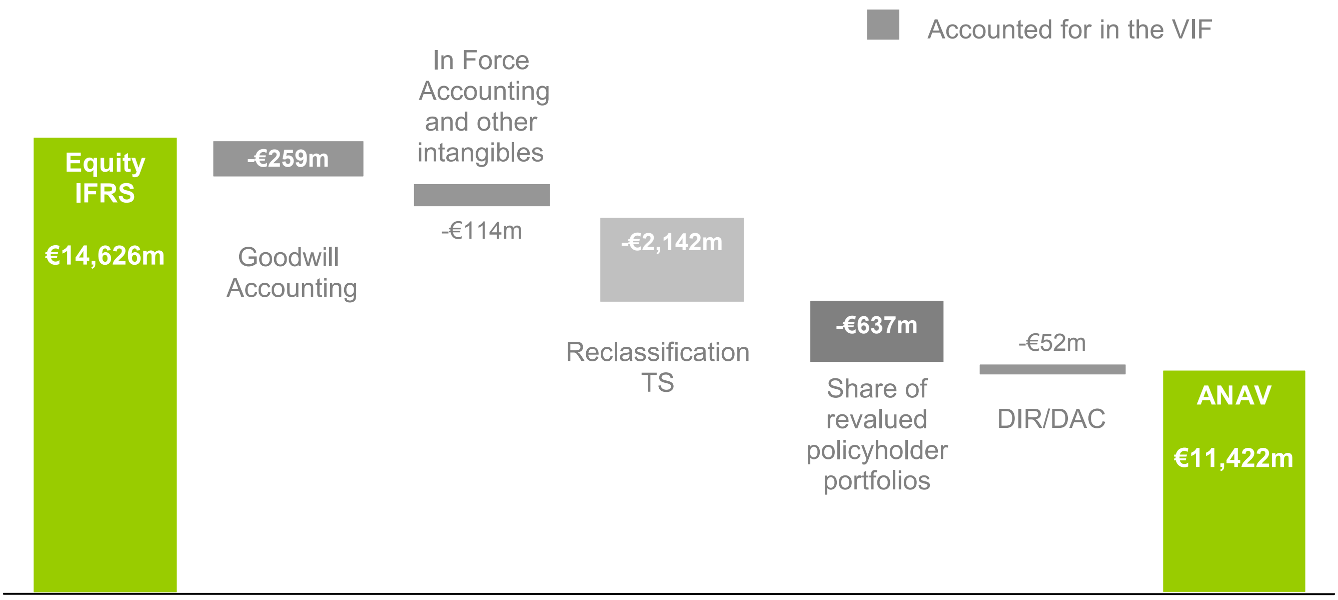
A detailed analysis of the main factors explaining the observed changes is presented in the following sections. Chapter 3 presents a breakdown of In-Force values by geographical area.

- ***Adjusted Net Asset Value***

The Adjusted Net Asset Value is calculated on the basis of IFRS Equity, after adjusting for the following elements:

- elimination of intangible assets on the IFRS balance sheet such as Goodwill and distribution agreements, Values of In-Force and DAC,
- deduction of unrealized capital gains and losses already accounted for in the Value of In-Force, and reintegration of shareholders' interest in unrealized gains not accounted for in the IFRS Framework (property and held-to-maturity securities),
- and the reclassification of subordinated debt.

The following diagram shows the reconciliation between IFRS Equity and the Adjusted Net Asset Value at 31 December 2013:



2.2 Value of new business at 31 December 2013

MCEV© Standards	2013		2012		Change	
	€m	€ per share	€m	€ per share	€m	%
Present Value of Future Profits	605	0.9	491	0.8	115	23%
Time Value of Options and Guarantees	-98	-0.1	-87	-0.1	-11	13%
Frictional Costs of Required Capital	-68	-0.1	-54	-0.1	-15	27%
Costs of Non-Hedgeable Risks	-63	-0.1	-53	-0.1	-10	19%
Value of New Business	**376**	**0.5**	**297**	**0.5**	**78**	**26%**
APE (Annual Premium Equivalent) [3]	2,659		2,573		87	3%
PVNBP [4]	23,336		22,804		531	2%
APE ratio	**14.1%**		**11.6%**		**2.6%**	**22%**
PVNBP ratio	**1.6%**		**1.3%**		**0.3%**	**23%**

[3] APE, a sales volume indicator, equals one tenth of the sum of single premiums and flexible premiums written during a given year plus the annualized amount of regular premiums written during that same year.
[4] PVNBP is the present value of new business premiums.

The 2013 value of new business stands at €376m, up 26%. The main factors explaining growth in the value of new business in the period are an improved product mix, adjusted tariffs of collective protection products in France and bullish European financial markets.

The detail by geographical area is presented in section 3.2 of this report.

The Group's APE ratio has attained 14.1%. Latin America and Europe excluding France share represent respectively 14.6% and 10.2% of APE volumes in 2013 (14.9% and 6.9% in 2012).

The following table details the changes in value:

MCEV© standards - €m	VNB	Change	APE Ratio
Value of New Business 2012	**297**		**11.6%**
Updated model	282	-15	10.9%
Change in the APE volume	317	35	11.6%
Change in the Product Mix	334	17	12.2%
Change in the experience	365	31	13.3%
Change in financial market conditions	404	39	14.8%
Updated taxation	403	-1	14.7%
Change in the foreign exchange rate	376	-27	14.1%
Value of New Business 2013	**376**	**78**	**14.1%**

The updated claims projection assumptions, in accordance with customer characteristics and adjusted cost allocations have reduced the VNB by €15m.

The updated APE volume per entity has had a positive impact of €35m on the value of new business.

The improved product mix has raised the value of new business by €17m, with a higher proportion of unit-linked products in France.

The updated experience data has led to a growth in value of €31m, primarily due to the increase of the average premium in saving and the revised collective protection products tariffs in France.

The improvement in the financial markets (less interest rate and share volatilities, increase in interest rates) has led to a €39m increase in the value of new business, raising the APE ratio by 1.4 points.

The updating of tax and the worsening Brazilian exchange rate have led to a €28m fall in cumulative value.

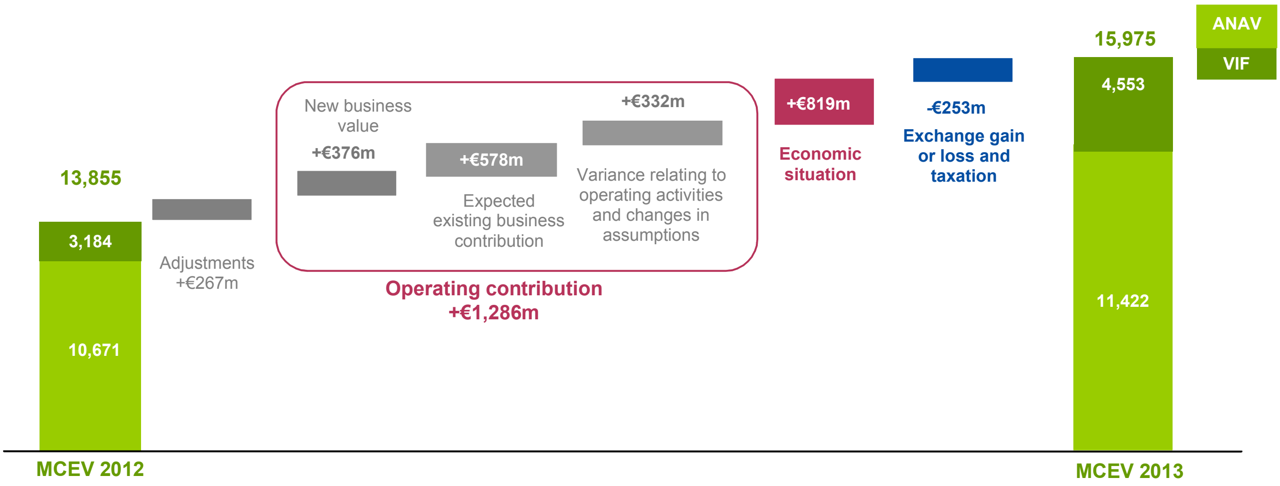
2.3 Sensitivities

The sensitivities presented below are in compliance with the requirements of the CFO Forum.

MCEV© standards	ANAV €m	VIF €m	MCEV €m	VNB €m
MCEV - Market Consistent Embedded Value	**11,422**	**4,553**	**15,975**	**376**
+100 bp change p.a. in the interest rate environment	-344	-72	-416	31
- 100 bp change p.a. in the interest rate environment	346	-358	-13	-130
+10 bp change in the liquidity premium		41	41	2
10% decrease in equity/property capital values	-317	-284	-601	
10% proportionate decrease in lapse rates		198	198	32
10% decrease in maintenance expenses		469	469	35
Required Capital equal to regulatory solvency margin		97	97	5
Claims rates - 5% - Risk of longevity		-117	-117	-5
Claims rates - 5% - Risk of mortality & disability		164	164	56
25% increase in swaption implied volatilities		-385	-385	-40
25% increase in equity/property implied volatilities		-119	-119	-15

The method for applying sensitivities is explained in detail in part 4.5 of this report.

2.4 Group analysis of earnings



The following table shows the analysis of earnings split between the Value of In-Force and the ANAV, the latter being broken down into Required Capital and Free Surplus. These last two concepts stem from the MCEV© publication standards as defined by the CFO Forum. Required Capital is the capital required for the insurance business according to each insurer's criteria. CNP Assurances has set its capital requirement at 110% of the regulatory solvency margin requirement (as per Solvency I), 38% of it being funded by subordinated debt. Free Surplus is the remaining capital once the Required Capital has been deducted.

MCEV© Standards - €m	ANAV	Free Surplus	Required Capital	VIF	MCEV
MCEV 2012	**10,671**	**2,383**	**8,288**	**3,184**	**13,855**
Opening adjustments	-54	-54	0	321	267
Adjusted MCEV 2012	**10,617**	**2,329**	**8,288**	**3,505**	**14,122**
New business value	-22	-838	816	398	376
Expected existing business contribution	66	66	0	512	578
Transfers from the VIF and required capital to free surplus	787	1,503	-715	-787	0
Experience variances	177	-125	302	132	309
Changes in assumptions relating to operating activities	0	0	0	23	23
Other operating variance	0	0	0	0	0
Operating MCEV Earnings	**1,008**	**606**	**402**	**278**	**1,286**
Economic variances	-39	-40	1	857	818
Other non-operating variance	0	0	0	1	1
Total MCEV earnings	**969**	**565**	**403**	**1,137**	**2,106**
Closing adjustments	-163	-137	-26	-90	-253
MCEV 2013	**11,422**	**2,757**	**8,665**	**4,553**	**15,975**

The MCEV© rose by €2,120m between 2012 and 2013.

Initial adjustments impact on ANAV (-€54m) due mainly to payment of the 2012 dividend. The positive adjustment of VIF in 2012 (+€321m) is mainly attributable to better claims projection assumptions for savings contracts in France (+€540m) and to reviewed cost allocations (-€280m).

The value of new business has contributed +€376m to the change in MCEV©. This value includes the net income loss of -€22m in new business in 2013. The increase in Required Capital pertaining to this new business amounted to €816m.

The expected contribution of existing business (+€578m) is valued mechanically and results from the combined effects of the capitalization of the Value of In-Force (+€512m) and of the expected return on the Free Surplus (+€66m). Furthermore, the 2013 expected profits generated in the VIF as at 31/12/2012 were transferred to the ANAV without affecting the MCEV©.

Observed variances in operating activities had an impact of €132m on VIF, primarily due to the effect of movements of provisions recognized under ANAV. The ANAV furthermore benefits from non-recurrent revenues generating a difference between actual and projected income. Recent experience has led the CNP Assurances Group to review certain assumptions relating to operating activity, such as cost or claims assumptions, generating an overall impact of +€23m.

The observed experience variance relating to operating activities at Required Capital level lead to a €302m increase in capital requirements mainly driven by a reduction in the proportion of subordinated debt funding Required Capital from 39.4% to 38%.

Developments in financial markets resulted in a rise of €818m in the MCEV in 2013. The narrowing spreads of sovereign securities (partially offset by higher interest rates) combined with the bullish equity market lead to a rise in the unrealized gains of asset portfolios. The surplus gains associated with diminishing volatilities has resulted in a rise in expected profits combined with a fall in the cost of the surrender option.

The “Closing adjustments” item explaining the MCEV© value of €15,975m includes principally the fall in the Brazilian exchange rate (-€239m).

A detailed analysis per geographical area is presented in section 3.

2.5 Operating Free Cash Flow

The "Operating Free Cash-Flow" (or available cash flow) indicator materializes the capacity of the CNP Assurances group to generate Free Surplus for:

- paying its dividends
- expanding through sales of new business or through external growth operations.

- €m -	Group 2012	Group 2013
VIF transfers to Free Surplus	883	787
Financial income from Free Surplus	46	66
Release of required capital to Free Surplus	611	715
Experience variances	-38	-125
Expected contribution of In-Force	**1,502**	**1,444**
Capital required for new business	-800	-816
Earnings attributable to new business	-106	-22
Capital required for new business	**-906**	**-838**
Operating Free Cash Flow	**596**	**606**

Operating Free Cash Flow (€606m) remains robust. The cost implied by the reduction in the proportion of subordinated debt funding capital, movements of provisions, and the decline of the current projected return, are more than offset by the increase of the new business income and the release of required capital on the in-force contracts.

- €m - 2013	Group	France	Latin America	Europe excluding France
VIF transfers to Free Surplus	787	566	161	61
Financial income from Free Surplus	66	28	24	14
Release of required capital to Free Surplus	715	653	34	29
Experience variances	-125	-161	58	-22
Expected contribution of In-Force	**1,444**	**1,086**	**277**	**81**
Capital required for new business	-816	-720	-67	-30
Earnings attributable to new business	-22	5	-3	-24
Capital required for new business	**-838**	**-715**	**-69**	**-54**
Operating Free Cash Flow	**606**	**371**	**208**	**27**

2.6 IDR Implied Discount Rate

IDR stands at 5.7% at CNP Assurances group level as of 31/12/2013 against 6.3% on 31/12/2012, after the impact of initial adjustments. This change in IDR is mainly attributable to the fall in the cost of options, partially offset by the longer duration, higher interest rates, and the updated share and property risk premiums.

At 31 December 2013, IDR is calculated on the basis of a 20 bp spread on the reference yield curve and a 20 bp spread on corporate bonds. Shares and property benefit respectively from a risk premium of 310 bp and 230 bp (200 bp and 150 bp on 31 December 2012).

3. Detailed results by geographical area

The following chapter provides an analysis of the main indicators and trend vectors by geographical area.

3.1 VIF

The table below shows a breakdown of In-Force values by geographical area:

MCEV© standards - €m		Group	France	Latin America	Europe excluding France
MCEV 2013	Present Value of Future Profits	7,003	6,130	608	265
	Time Value of Options and Guarantees	-728	-722	0	-6
	Frictional Costs of Required Capital	-1,110	-1,068	-34	-8
	Costs of Non-Hedgeable Risks	-612	-591	0	-21
	Value of In-Force	**4,553**	**3,749**	**573**	**230**
MCEV 2012	Present Value of Future Profits	6,134	5,342	647	146
	Time Value of Options and Guarantees	-1,275	-1,272	0	-3
	Frictional Costs of Required Capital	-1,075	-1,034	-35	-6
	Costs of Non-Hedgeable Risks	-601	-580	0	-20
	Value of In-Force	**3,184**	**2,455**	**612**	**117**
Variation	€m	**1,369**	**1,294**	**-39**	**114**
	%	**43%**	**53%**	**-6%**	**97%**

The CNP Assurances group's VIF (€4,553m), up 43%, benefits from more bullish financial markets in Europe, a best product mix in France and updated claims projection assumptions, in accordance with customer experience and characteristics. The VIF dynamism in Latin America (up 13% at constant exchange rates) is more than offset by the 17% fall in the Brazilian exchange rate over the period.

3.2 VNB

3.2.1 APE volume

- €m -	Group	France	Latin America	Europe excluding France
IFRS 2013 Revenue	**27,668**	**21,097**	**3,074**	**3,497**
IFRS 2012 Revenue	26,460	21,487	2,930	2,043
Revenue progression rate	5%	-2%	5%	71%
APE 2013	**2,659**	**1,998**	**389**	**272**
APE 2012	2,573	2,010	384	178
APE evolution rate	3%	-1%	1%	53%
PVNBP 2013	**23,336**	**19,340**	**1,800**	**2,195**
PVNBP 2012	22,804	19,641	1,845	1,318
Evolution rate of the PVNBP	2%	-2%	-2%	67%

- **France**

APE volume in France (€1,998m), down slightly (1%) compared with 2012, is characterized by negative growth in APE volume of contracts in euros (-6%) and a rise in unit-linked business revenues (+41%) and in individual protection contracts (+12%). Underwriting of credit life insurance contracts continues to grow, with an APE volume up 9%.

- **Latin America**

The APE of Caixa Seguros (€389m) is up 1% (+22% at constant exchange rates). The credit life insurance (18% of the subsidiary's APE) and individual retirement savings (34% of the subsidiary's APE) activities remain particularly dynamic, respectively up 23% and 18% over the year.

- **Europe excluding France**

The APE volume of European subsidiaries and branches (excluding France) is up 53% against 2012, totalling €272m, due to the upturn in Italy of underwritten euro savings products (+68% of APE volume) and unit-linked business (+31% of APE volume). In Spain and Portugal, the APE volume is down 9% on a sluggish life insurance market (poor performance of euro savings and unit-linked business, a falloff in credit life insurance).

3.2.2 VNB

MCEV© Standards - €m	Group		France		Latin America		Europe excluding France	
	VNB	APE Ratio	VNB	APE Ratio	VNB	APE Ratio	VNB	APE Ratio
Value of New Business 2012	**297**	**11.6%**	**147**	**7.3%**	**136**	**35.5%**	**14**	**7.6%**
Updated model	282	10.9%	136	6.7%	132	34.4%	14	7.5%
Change in the APE volume	317	11.6%	135	6.7%	161	34.4%	21	7.9%
Change in the Product Mix	334	12.2%	158	7.9%	154	32.9%	22	8.3%
Change in the experience	365	13.3%	184	9.2%	158	33.7%	23	8.5%
Change in financial market conditions	404	14.8%	213	10.6%	160	34.0%	32	11.9%
Updated taxation	403	14.7%	211	10.6%	160	34.0%	32	11.8%
Change in the exchange rate	376	14.1%	211	10.6%	132	34.0%	32	11.8%
Value of New Business 2013	**376**	**14.1%**	**211**	**10.6%**	**132**	**34.0%**	**32**	**11.8%**
Change	**78**	**2.6%**	**64**	**3.2%**	**-4**	**-1.5%**	**18**	**4.1%**

- **France**

With an APE ratio of 10.6%, France's 2013 product mix was characterized by a rise in revenues from unit-linked and credit life insurance products. The bullish European financial markets (lower volatilities in interest rates and shares, increase in interest rates level), the growth of the average saving contracts premium and the tariff revision measures on collective protection contributed to the 3.2 points rise in the APE ratio.

- **Latin America**

The value of new business of the Brazilian subsidiary fell by 3% due to the fall in the Brazilian exchange rate. At constant exchange rate, VNB is up 17%. The APE ratio of 34% is down 1.5 points due to smaller margins on credit life insurance and individual retirement products.

- **Europe excluding France**

The value of new business in Europe excluding France was up 136% in 2013 with an APE ratio of 11.8%. The 4.1 rise in the APE ratio compared with 2012 is explained by the upturn in Italy of underwritten savings products in euros (+68% of APE volume) and unit-linked products (+31% of APE volume).

The following table provides a breakdown of new business indicators by geographical area:

MCEV© Standards - €m		Group €m	France €m	Latin America €m	Europe excluding France €m
2013	Present Value of Future Profits	605	424	144	37
	Time Value of Options and Guarantees	-98	-97	0	-1
	Frictional Costs of Required Capital	-68	-56	-11	-1
	Costs of Non-Hedgeable Risks	-63	-60	0	-3
	Value of New Business	**376**	**211**	**132**	**32**
	APE	2,659	1,998	389	272
	PVNBP	23,336	19,340	1,800	2,195
	VNB/APE Ratio	**14.1%**	**10.6%**	**34.0%**	**11.8%**
	VNB/PVNBP Ratio	1.6%	1.1%	7.4%	1.5%
2012	Present Value of Future Profits	491	325	147	19
	Time Value of Options and Guarantees	-87	-85	0	-2
	Frictional Costs of Required Capital	-54	-42	-11	-1
	Costs of Non-Hedgeable Risks	-53	-51	0	-2
	Value of New Business	**297**	**147**	**136**	**14**
	APE	2,573	2,010	384	178
	PVNBP	22,804	19,641	1,845	1,318
	VNB/APE Ratio	**11.6%**	**7.3%**	**35.5%**	**7.6%**
	VNB/PVNBP Ratio	1.3%	0.8%	7.4%	1.0%

3.3 Sensitivities

3.3.1 VIF sensitivities

MCEV© standards	Group €m	France €m	Latin America €m	Europe excluding France €m
Value of In-Force	**4,553**	**3,749**	**573**	**230**
+100 bp change p.a. in the interest rate environment	-72	-63	0	-9
- 100 bp change p.a. in the interest rate environment	-358	-356	-1	-2
+10 bp change in the liquidity premium	41	37	0	4
10% decrease in equity/property capital values	-284	-275	0	-9
10% proportionate decrease in lapse rates	198	164	24	10
10% decrease in maintenance expenses	469	452	6	10
Required Capital equal to regulatory solvency margin	97	96	0	1
Claims rates - 5% - Risk of longevity	-117	-114	0	-3
Claims rates - 5% - Risk of mortality & disability	164	133	24	7
25% increase in swaption implied volatilities	-385	-379	0	-6
25% increase in equity/property implied volatilities	-119	-117	0	-2

3.3.2 VNB sensitivities

MCEV© standards	Group €m	France €m	Latin America €m	Europe excluding France €m
Value of New Business	**376**	**211**	**132**	**32**
+100 bp change p.a. in the interest rate environment	31	25	1	5
- 100 bp change p.a. in the interest rate environment	-130	-117	-1	-12
+10 bp change in the liquidity premium	2	1	0	0
10% proportionate decrease in lapse rates	32	21	9	1
10% decrease in maintenance expenses	35	30	3	2
Required Capital equal to regulatory solvency margin	5	5	0	0
Claims rates - 5% - Risk of longevity	-5	-5	0	0
Claims rates - 5% - Risk of mortality & disability	56	46	9	1
25% increase in swaption implied volatilities	-40	-39	0	-1
25% increase in equity/property implied volatilities	-15	-15	0	0

3.4 Variance analysis by geographical area

- **France**

MCEV© Standards - €m	ANAV	Free Surplus	Required Capital	VIF	MCEV
MCEV 2012	**9,251**	**1,339**	**7,912**	**2,455**	**11,706**
Opening adjustments	88	80	7	324	411
Adjusted MCEV 2012	**9,339**	**1,419**	**7,920**	**2,778**	**12,117**
New business value	5	-715	720	207	211
Expected existing business contribution	28	28	0	397	425
Transfers from the VIF and required capital to free surplus	566	1,219	-653	-566	0
Experience variances	117	-161	278	126	243
Changes in assumptions relating to operating activities	0	0	0	15	15
Other operating variance	0	0	0	0	0
Operating MCEV Earnings	**716**	**371**	**345**	**178**	**895**
Economic variances	28	26	1	792	820
Other non-operating variance	0	0	0	0	0
Total MCEV earnings	**744**	**397**	**347**	**970**	**1,714**
Closing adjustments	-14	-14	0	0	-14
MCEV 2013	**10,069**	**1,803**	**8,266**	**3,749**	**13,818**

The "initial adjustments" item includes payment of the 2012 dividend and dividends transferred by subsidiaries for financial year 2012. The adjustments also include the improved saving contracts claims projection assumptions, consistent with customer characteristics (+€540m) and a review of cost allocations (-€280m).

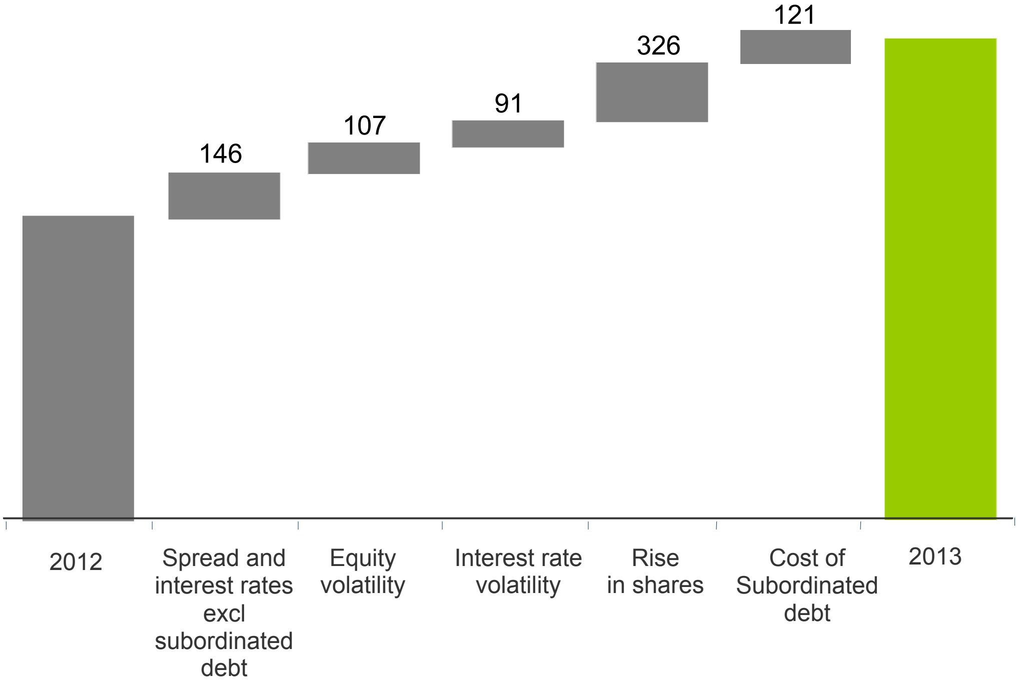
In 2013 the new business value contributed +€211m to the change in the MCEV©. The increase in Required Capital pertaining to this new business amounted to €720m.

Observed variances in operating activities increased VIF by €126m, primarily due to the effect of movements of provisions recognized under ANAV. The ANAV furthermore benefits from non-recurrent revenues generating a difference between actual and projected income. Recent experience has led CNP Assurances to review certain assumptions relating to operating activity generating an overall impact of +€15m.

The experience variances from operating activities affecting the Required Capital amounted to €278m, mainly due to the relative reduction of subordinated debt in the funding of Required Capital from 39.4% to 38%. This reduction also translated into a loss in the VIF.

Economic conditions had a positive effect of €820m on the value in a context of narrowing spreads (partially offset by higher interest rates), rising share prices and lower volatility. The effects of economic conditions chiefly resulted in an increase in initial gains combined with a drop in credit risk deducted from future yields. The cost of the surrender option in the euro savings range has thus fallen considerably.

The breakdown of the effects of economic conditions on VIF highlights the major impact of the rise in share values and of the decreasing volatility of rates and shares.



The foreign exchange effect impacts ANAV by -€14m.

- **Latin America**

MCEV© Standards - €m	ANAV	Free Surplus	Required Capital	VIF	MCEV
MCEV 2012	**808**	**629**	**179**	**612**	**1,420**
Opening adjustments	-120	-120	0	-9	-128
Adjusted MCEV 2012	**688**	**509**	**179**	**604**	**1,292**
New business value	-3	-69	67	135	132
Expected existing business contribution	24	24	0	72	96
Transfers from the VIF and required capital to free surplus	161	195	-34	-161	0
Experience variances	68	58	9	13	80
Changes in assumptions relating to operating activities	0	0	0	0	0
Other operating variance	0	0	0	0	0
Operating MCEV Earnings	**249**	**208**	**42**	**60**	**309**
Economic variances	-75	-75	0	0	-75
Other non-operating variance	0	0	0	0	0
Total MCEV earnings	**175**	**133**	**42**	**59**	**234**
Closing adjustments	-149	-123	-26	-90	-239
MCEV 2013	**714**	**519**	**194**	**573**	**1,287**

The opening MCEV© of Caixa Seguros adjusted for the 2012 dividend, improvements in method and model, stands at €1,292m. New Business contributes €132m to the increase in the MCEV© at current exchange rates: new business decreases ANAV by €3m and increases VIF by €135m.

Observed variance relating to operating activities result

- at VIF level (€13m), from movements of provisions,
- at ANAV level (€68m), from lower claims rates than expected, more particularly on credit life insurance and protection portfolios.

The rise in interest rates has led to unrealized bond losses reducing the ANAV of Caixa Seguros by €75m.

The fall in the Brazilian exchange rate has reduced the MCEV© by €239m.

- **Europe excluding France**

MCEV© Standards - €m	ANAV	Free Surplus	Required Capital	VIF	MCEV
MCEV 2012	**612**	**415**	**197**	**117**	**728**
Opening adjustments	-22	-14	-7	6	-15
Adjusted MCEV 2012	**590**	**401**	**189**	**123**	**713**
New business value	-24	-54	30	56	32
Expected existing business contribution	14	14	0	43	57
Transfers from the VIF and required capital to free surplus	61	89	-29	-61	0
Experience variances	-8	-22	14	-7	-15
Changes in assumptions relating to operating activities	0	0	0	8	8
Other operating variance	0	0	0	0	0
Operating MCEV Earnings	**42**	**27**	**15**	**40**	**83**
Economic variances	8	8	0	66	73
Other non-operating variance	0	0	0	1	1
Total MCEV earnings	**50**	**35**	**15**	**107**	**157**
Closing adjustments	0	0	0	0	0
MCEV 2013	**640**	**435**	**204**	**230**	**870**

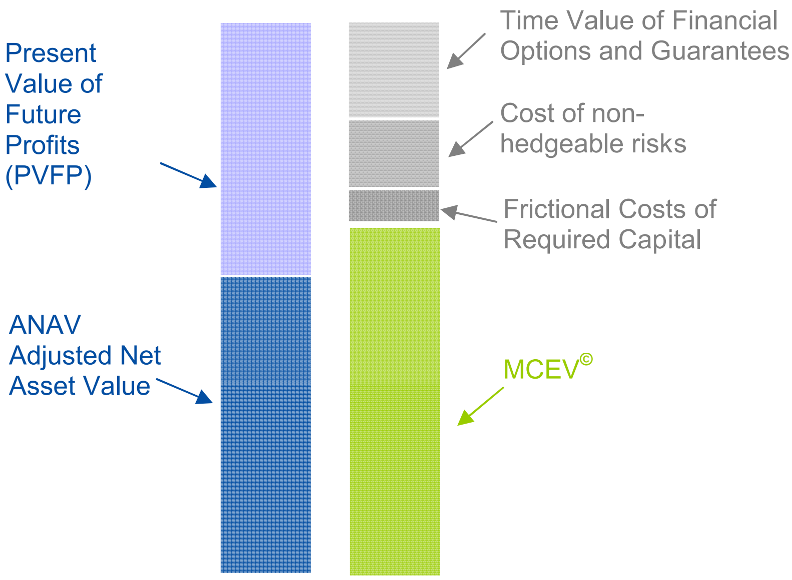
The opening MCEV© for Europe excluding France adjusted for the 2012 dividend, improvements in method and model, stands at €713m.

The value of new business has contributed +€32m to the change in MCEV©. This value includes a net loss of -€24m in new business in 2013 due to the discounted commission paid to the Unicredit network in Italy. The increase in Required Capital pertaining to this new business amounted to €30m.

The observed variances in operating activities result on ANAV mainly from movements of provisions in Spain, thereby generating a difference between actual and expected income and on the VIF of the decrease in surrenders of saving contracts in Italy and unit linked contracts in Portugal. These two effects also explain the positive experience variance on the required capital.

The effects of the economic situation (€73m) reflect a rise in the unrealized gains of asset portfolios further to the narrowing spreads of Italian, Spanish and Portuguese borrowing rates observed in 2013.

4. Methodology



The Embedded Value is the consolidated value of shareholders' interests generated by the portfolio's insurance activities as of the date of measurement. This value is measured before payment of dividends and taxes related to those dividends. This value does not take into account future New Business. The methodology adopted by the CNP Assurances Group is based on the MCEV© calculation standards as set out in "The European Insurance CFO Forum Market Consistent Embedded Value Principles" in October 2009. This chapter details the principles adopted by the CNP Group.

4.1 Scope covered

The scope covers all CNP Assurances group entities that have a significant impact on the value in France, Latin America and Europe excluding France. This represents 99% of the technical provisions at 31/12/2013.

Geographical area	Entities	Shares owned
France	CNP Assurances	Consolidating entity
	CNP IAM	100%
	Préviposte	100%
	ITV	100%
	CNP International	100%
	MFPrévoyance	64.72%
	La Banque Postale Prévoyance	50%
Italy	CNP Unicredit Vita	57.5%
	Italian branch of CNP Assurances	100%
Brazil	Caixa Seguros	51.75%
Spain	CNP Vida	94.47%
	EstalVida	75.86%
	CNP Barclays Vida y Pensiones [5]	50%
Cyprus	CNP Cyprus Insurance Holdings	50.1%

[5] including business activities in Portugal and Italy

The other entities were valued in compliance with IFRS principles.

Group activities:

The CNP Assurances group's activities are primarily centred on personal insurance:

- Individual Savings in Euros and Unit-linked
- Individual retirement savings
- Individual and Collective Protection
- Collective Retirement Savings
- Credit Life Insurance

All calculations are stated as Group share, net of reinsurance and external co-insurance.

4.2 Adjusted Net Asset Value

The Adjusted Net Asset Value (ANAV) reflects the market value of the assets backing shareholders equity after deduction of intangible assets, subordinated liabilities and other elements used to measure In-Force business.

The ANAV is calculated on the basis of IFRS Equity, after restating the following elements:

- elimination of intangible assets such as Goodwill and distribution agreements, Values of In-Force and DAC,
- deduction of unrealized capital gains and losses already accounted for in the In-Force value, and reintegration of shareholders' interest in unrealized gains not accounted for in the IFRS Framework (property and held-to-maturity securities),
- and the reclassification of subordinated debt.

Analytically, the ANAV is determined as the consolidated group share at the date of valuation and it breaks down into Required Capital and Free Surplus.

4.2.1 Required Capital

The Required Capital is the market value of assets, attributed to the covered business over and above that required to back liabilities for covered business, whose distribution to shareholders is restricted.

Required Capital is the level of capital a company sets itself to achieve a targeted credit rating and to controls its own risks. The capital level set by the CNP Assurances Group to manage its risk equals 110% of the regulatory solvency margin requirement (Solvency I standard) net of all other sources of funding such as subordinated debt. Subordinated debt covers 38% of the margin requirement as of 31/12/2013.

4.2.2 Free Surplus

The Free Surplus is the market value of any assets allocated to, but not required to support in-force covered business at the valuation date.

4.3 Value of In-Force

4.3.1 Present Value of Future Profits

The PVFP is the present value of future profits net of tax generated by the in-force covered business at the valuation date. Its calculation is based on an assumption of business continuity and partnerships extended beyond their initial term.
This value is calculated using a Market Consistent methodology except for Caixa Seguros, for which the traditional methodology is maintained.
This value reflects the intrinsic value of financial options and guarantees (TVOG) in the portfolio, their time value being accounted for separately in the TVOG to determine the VIF.

According to the MCEV© methodology, no risk premium is included in the projected returns and in the discount rates. The reference interest rate curve is based on the swap rate curve plus a liquidity premium.

4.3.2 Frictional Costs of Required Capital

The need to back Required Capital for covered business entails allocating a frictional cost to the Embedded Value and to New Business Value. In a Market Consistent model, the frictional cost reflects the taxation and investment costs on assets backing Required Capital.

The frictional cost of Required Capital takes also into account the cost of financing a portion of Required Capital with subordinated debt; this cost is calculated as the difference between the economic value and the face value of subordinated debt. CNP Group defines this economic value as the net present value of the future cash-flows paid to the debt's holders, based on a discount rate which takes into account every security's spread at inception. For New Business, Required Capital is assumed to be financed by subordinated debt to the same extent as for In-Force; this financing is ensured by newly issued subordinated debt, whose economic value is equal to the face value.

4.3.3 Time Value of Options and Guarantees

CNP Assurances has chosen a Market Consistent approach to value the main financial options and guarantees stipulated in the contracts.

The main options and guarantees include:

- minimum guaranteed interest rate,
- profit sharing option,
- guaranteed annuity option,
- guaranteed minimum death benefits,
- guarantee of technical rate for annuity business and guaranteed acquisition premium associated with the L.441 contracts portfolio,
- guarantee on the surrender values, surrender option.

The time value of financial options and guarantees (TVOG) is generated by the asymmetric nature of the distribution of profits between the shareholders and the insured according to the different movements of financial markets. Broadly speaking, a financial loss is entirely incurred by the shareholders, whereas the financial gains are shared according to the regulatory and contractual provisions governing the sharing of profits. On the basis of multiple simulations, the use of stochastic calculations enables to cover all possible evolutions of the financial markets and therefore to capture the cost associated with unfavourable market deviations.

Method for calculating risk-neutral valuation

Valuation implements a stochastic model based on a risk-neutral approach. This approach defines the price of an asset as the expectancy of present value of future cash flows discounted at risk-free rate. The scenarios are taken from the generator developed by Barrie & Hibbert. This generates 1,000 equiprobable scenarios that forecast:

- Changes in a share indices,
- Changes in a property index,
- The real rates' curve for full maturities between 1 and 50 years,
- The nominal rates’ curve for full maturities between 1 and 50 years.

Inflation is obtained as the difference between real and nominal rates. Share and property dividend rates (set at 2.5%) are assumed to be constant.

The techniques the Group uses to calibrate this economic scenario generator are described in the "Assumptions" section of this report.

In addition, the projection model includes a dynamic surrender component, which factors in the tendency of insured parties to surrender their contracts when their return underperforms compared with a market reference.

Given the economic and financial context in Brazil, the CNP Assurances Group has opted for a Traditional Embedded Value framework for its Brazilian subsidiary Caixa Seguros. This approach is motivated by the lack of market parameters needed for a valuation consistent with the principles of the CFO Forum. Moreover, the activities of Caixa Seguros mainly consist in hedging insurance risks; the financial options are considered marginal at Group level.

4.3.4 Costs of residual non-hedgeable risks

In accordance with principles 6 and 9 of the CFO Forum, a cost must be allocated for non-hedgeable financial and non-financial risks. This cost results from:

- risks not measured in the PVFP or in the TVOG,
- the asymmetrical effect of some non-hedgeable risks on the value,
- the underlying uncertainty inherent in "Best Estimate" assumptions for non-hedgeable risks.

In order to measure residual non hedgeable risks, CNP Assurances uses a cost of capital approach. The capital allocated for these risks is the capitalization target CNP Assurances must achieve to comfortably absorb exceptional shocks, not included in other respects in the TVOG and the PVFP. It thus equals the level of capital required to reduce the probability of ruin to 0.5% within a one-year time frame on each of the specified risks.

  - Risks not modelled in the TVOG and PFVP

The following is a list of non-valued risks:

- default risk,
- concentration risk,
- operational risk,
- catastrophe risk.

  - Asymmetrical Risks

The asymmetrical nature associated with the sharing of risk by insured parties and shareholders, depending on various trends in non-financial parameters, generates a cost that must be factored into the valuation of the portfolio. The asymmetrical impact of the mortality/longevity/morbidity risk is the result of contracts that include profit sharing clauses containing a component that is based on the technical result.

  - Uncertainty

The Embedded Value calculations are based on several so-called "best estimate" assumptions: claims, surrender rates, expenses. An additional cost, related to the underlying uncertainty inherent in making such assumptions, has been included in the value.

4.4 Value of New Business

4.4.1 Definition of New Business

The projections used to estimate the value of one year's New Business are based on the profile of the business and the volume of premiums written during 2013.

- Individual Savings and retirement in Euros and Unit-linked:

New business is defined as the business generated from the sale of new contracts and in some cases increases to existing contracts during the reported period. Without an assumption of premium recurrence over the periodic premiums, the later payments are considered as unique premiums.

- Individual protection risk:

New Business only includes new policies. Future regular premiums on existing contracts are included in the Value of In-Force.

- Group retirement savings:

The New Business volumes of L.441 contracts include new policies and ad hoc single premium contributions on existing contracts. On the rest of the segment, future regular premiums on existing contracts are included in the Value of In-Force.

- Group protection risk:

As future premiums on existing policies are not valued in the Value of In-Force, New Business volumes are equal to the 2013 accounting premiums.

- Credit life insurance:

New Business only includes new policies. Future regular premiums on existing contracts are included in the Value of In-Force.

4.4.2 Methodology

The approach used to value the New Business is identical to the one used for the valuation of the In-Force. The value of New Business is the present value of projected profits of policies written during the year less the frictional costs of required capital, the time value of financial options and guarantees and the cost of residual non-hedgeable risks.

The New Business value is based on projected cash flows from the date of issue. The economic assumptions are based on prevailing market conditions at 31/12/2013.

In accordance with the "standalone" method used by CNP Assurances, no unrealized gains are allocated to the New Business. The New Business premiums are invested in new assets available at valuation date according to the acquisition strategy observed during the year. Therefore there is no sharing of unrealized gains and losses between In-Force and New Business.

4.4.3 APE Annual Premium Equivalent

The APE, a sales volume indicator, equals one tenth of the sum of single premiums and flexible premium written during a given year plus the annualized amount of regular premiums written during that same year. Unlike IFRS revenue, the APE generated through New Business is defined as the Group share of written premiums net of reinsurance and co-insurance. Furthermore, the exchange rate is that at 31/12/2013, not the average rate used to determine IFRS revenue.

4.5 Sensitivities

The published sensitivities correspond to the sensitivities required by the CFO Forum standards:

- Rates curve +/- 100 bp:

This sensitivity corresponds to a parallel shift in the swap rates curve of plus or minus 100 bp (with a floor value of 0%). This among other things entails:
- revaluation of the market value of bonds;
- a 100 bp adjustment of the reinvestment rate of all asset classes;
- and updated discount rates.

The impact on the initial mathematical provision for unit-linked business is not valued.

- Equity / Property -10%:

This sensitivity measures the impact that an immediate 10% fall in equity and property indices would have on the value. This shock implies a 10% fall in the market value of equities and property assets, as well as a decrease in the mathematical provisions of unit-linked business by the proportion invested in equity and property.

- Surrenders -10%:

This sensitivity measures the impact of a 10% decrease in total and partial surrender rates.

- Costs -10%:

This sensitivity measures the impact of a 10% drop in all expenses: acquisition, management, claims and overheads costs.

- Claims rate -5%:

This sensitivity measures the impact of a decrease in the claims rate: incidence rates, loss ratios, disability rates, and mortality rates are reduced proportionately by 5%. The risks of longevity and mortality/disability are measured separately.

- Swaption implied volatility +25% / Equity implied volatility +25%:

This sensitivity measures the impact of a 25% increase in the volatility of interest rates and equities on the time value of financial options and guarantees.

- Required Capital:

This sensitivity consists in defining a required capital equal to the regulatory solvency margin assuming the proportion of subordinated debt remains constant, and in measuring the impact of this change on the value.

- Interest rates curve with a liquidity premium +10 bp:

This sensitivity corresponds to a 10 bp increase in the liquidity premium. This entails an adjustment of the reinvestment rate of all classes of assets and an updating of discount rates.

5. Assumptions

5.1 Financial assumptions

The Embedded Value calculations are based on economic conditions as at 31/12/2013.

5.1.1 Reference interest rate curve

Maturity	Swap rate 31/12/12	Swap rate 31/12/13
1	0.33 %	0.39 %
2	0.37 %	0.56 %
5	0.78 %	1.27 %
10	1.61 %	2.23 %
15	2.10 %	2.70 %
20	2.28 %	2.85 %
30	2.84 %	3.17 %
Ultimate forward rate	4.20 %	4.20 %
Point of entry of the extrapolation	year 20	year 20

The data used for all Group subsidiaries in the eurozone to describe the initial state of the reference rates curve is taken from the smoothed and zero-coupon swap rate curve. The extrapolation method was adjusted in 2013 to be consistent with the approach currently developed in connection with the Solvency 2 reform. The rate curve is extrapolated with a point of entry at 20 years converging over 40 years according to the Smith-Wilson technique towards an ultimate forward rate of 4.2%.

In compliance with Principle 14 of the MCEV© principles, CNP Assurances includes a liquidity premium in the reference yield curve. The market liquidity premium corresponds to the Maximum [0; 50% * (Spread of corporate bonds - 40 bp)], the spread of corporate bonds being determined as the margin on the swap rate of the iBoxx € Corporates bond index. The liquidity premium (29 bp at 31/12/2013) is added to the swap rates curve at 100% on the non-extrapolated portion then decreases as the curve converges towards the ultimate forward rate. Moreover, only a fraction of this premium is allocated to different groups of contracts according to degree of illiquidity of the underlying liabilities. The table below summarizes the liquidity premium selected for the main categories of products, in reference to the swap rate curve:

Category	2012	2013
Unit-linked savings	18 bp	15 bp
Individual protection risk	18 bp	15 bp
Credit life insurance	27 bp	22 bp
Group protection risk	27 bp	22 bp
Euro savings	27 bp	22 bp
Individual retirement savings	27 bp	22 bp
Group retirement savings	27 bp	22 bp

5.1.2 Calibration of the interest rate model

The economic scenario generator used for nominal rates is the Libor Market Model (LMM) with two factors. The at-the-money 20Y swaption market volatilities adopted for the calibration are as follows:

Terms	1 year	2 years	5 years	10 years	20 years
MCEV© 31/12/2012	30.1%	29.1%	25.9%	23.5%	20.9%
MCEV© 31/12/2013	23.7%	24.3%	24.0%	21.7%	18.4%

The real rates are generated using the Vasicek model with two factors, which has been calibrated on treasury bonds indexed-linked to inflation.

5.1.3 Calibration of the equity model

A different level of volatility for each projection term between 1 and 10 years was used to generate the share index (deterministic volatility model). The resulting levels are given in the table below.

The volatility parameters are calibrated using implicit at-the-money forward volatilities on the Eurostoxx 50 index at 31/12/2013.

Maturity	1 year	2 years	5 years	10 years	20 years
MCEV© 31/12/2012	22.3%	23.7%	24.6%	24.7%	25.2%
MCEV© 31/12/2013	17.8%	18.9%	20.1%	20.6%	21.3%

The correlation coefficients between the various factors (share, real rates and nominal rates) are determined by Barrie & Hibbert on the basis of econometric tests and expert opinion.

Likewise, property volatility is fixed at 15%.

5.1.4 Financial assumptions for Brazil

		2013	2014	2015	2016	2017	2018	2018
MCEV© 12	Discount rate	10.8%	11.6%	11.8%	11.7%	10.8%	10.8%	10.8%
	Assets yield	7.1%	8.5%	8.8%	8.6%	7.1%	7.1%	7.1%
	Inflation	5.4%	5.5%	5.0%	5.0%	5.0%	5.0%	5.0%
	Risk Premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
MCEV© 13	Discount rate	11.2%	12.7%	12.8%	12.5%	12.2%	11.5%	11.3%
	Assets yield	7.9%	10.3%	10.5%	10.0%	9.5%	8.3%	8.0%
	Inflation	5.8%	5.8%	5.9%	5.5%	5.5%	5.4%	5.4%
	Risk Premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

The euro-to-real (EUR/BRL) exchange rate weakened from 2.7036 on 31/12/2012 to 3.2576 on 31/12/2013.

5.2 Tax rate

The tax rate used to calculate Embedded Value is the standard corporate tax rate applied in countries where the CNP Assurances Group operates:

	France	Italy	Spain	Portugal	Brazil
MCEV© 31/12/2012	36,10 %	34,32 %	30 %	29 %	40 % [6]
MCEV© 31/12/2013	38 % [7]	34,32 %	30 %	29 %	40 % [6]

[6] With the exception of CAIXA Consorcio, for which the tax rate has been maintained at 34%.

[7] Exceptional surcharge on tax paid in 2013 and 2014. After 2014, the tax rate is 34.43%.

The tax credits observed in France that reduce the standard corporate tax rate are valued elsewhere.

5.3 Cost of capital for residual non-hedgeable risks

A rate of 5% is applied to the capital relating to non-modelled and asymmetrical risks. The capital allocated for uncertainty in assumptions is subject to the frictional costs of holding that capital.

The average rate applied to the capital is 2.4% on 31/12/2013 (2.4% on 31/12/2012).

5.4 Non-economic assumptions

5.4.1 Expenses

At each year-end closing, CNP Assurances carries out a functional cost analysis: acquisition, management, claims, investment costs and other technical and non-technical expenses, as well as a breakdown by company, product group and network.

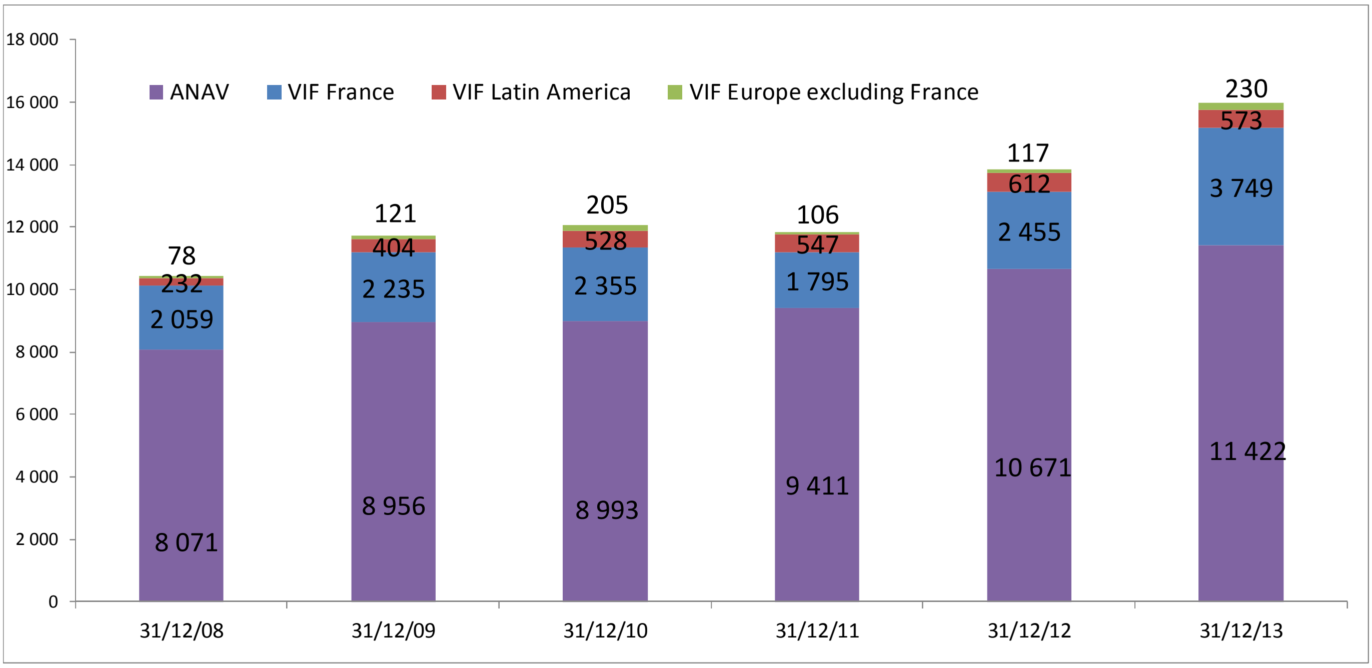
An annual inflation rate of 2% is applied to unit costs for European entities.

5.4.2 Claims and persistency assumption

The non-economic assumptions, the experienced mortality and morbidity, the lapse rates and claim rate assumptions are determined by each entity on the basis of their best estimate at the date of valuation. They stem from an analysis of current and past experience observed in each valued portfolio.

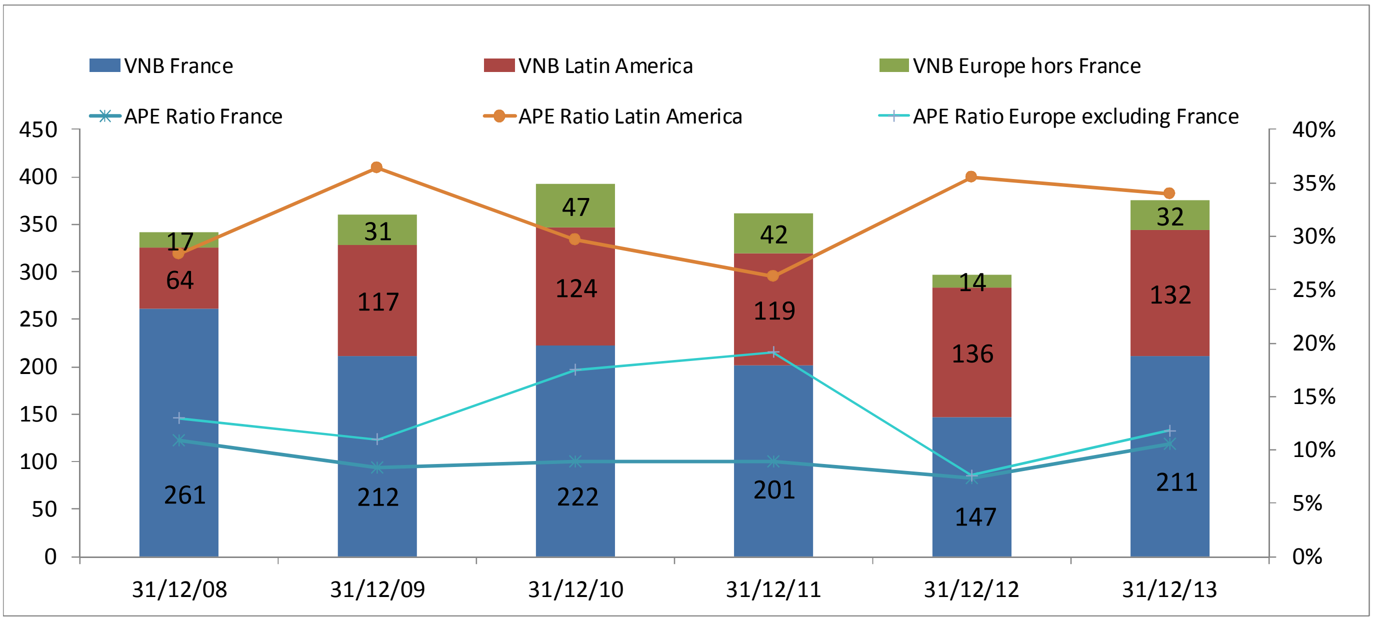
6. MCEV© trend since 31/12/2008

6.1 Historical MCEV© values (in €m)



Historical MCEV© values, drawn up in accordance with CFO Forum principles, show the resilience of the Group's MCEV©.

6.2 Historical VNB values (in €m and APE ratios in %)



7. Milliman's Opinion

Milliman, independent actuarial firm, has reviewed the Embedded Value figures of CNP Assurances Group as at 31 December 2013. In the course of our work, we have reviewed the methodology, the assumptions used and the calculations performed internally by the company according to the directives and under the management responsibility. Our review has covered the Embedded Value as at 31 December 2013, the 2013 New Business Value, the analysis of earnings between the Embedded Value as at 31 December 2012 and as at 31 December 2013 and the sensitivities.

Milliman has concluded that the methodology used complies with principles 1 to 16 of "The European Insurance CFO Forum Market Consistent Embedded Value Principles" and that the calculations have been made in conformity with this methodology.
CNP Assurances Group considered a 29 bp market liquidity premium in excess of the swap rate to derive the reference rate. Only a fraction of this premium is allocated to the different lines of business, depending on the liquidity of the underlying contracts. The calculations performed for the Brazilian subsidiary (Caixa Seguros) have been carried out according to a Traditional Embedded Value approach which allows for the risks through the use of a risk premium.

Moreover, the information disclosed in "CNP Assurances – Embedded Value Report – 31/12/2013" complies with the current CFO Forum European Embedded Value principles.

In arriving at these conclusions, we have relied on data and information provided by CNP Assurances Group without undertaking an exhaustive review of them. We have performed limited high-level checks and reconciliations as well as more detailed analysis on some specific portfolios. We have checked that all the issues brought forward during our review had no material impact at the group level.

The calculation of Embedded Value necessarily relies on numerous assumptions with respect to economic conditions, operating conditions, policyholders' behaviour, taxes and other matters, most of which are beyond the management's control. Although the assumptions used represent estimates which CNP Assurances Group and Milliman believe are altogether reasonable, actual future experience will vary from that assumed in the calculation of the Embedded Value results.