DRAFT

Report of the Board of Directors

26 August 2008

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1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 First-half

- Board approval of the 2008-2012 Business Plan

At its meeting of 15 January 2008, the Board of Directors of CNP unanimously approved the 2008-2012 Business Plan which sets ambitious growth targets through 2012:

- EBIT almost two times higher;
- Doubling of the value of new business.

To meet these targets, CNP Assurances aims to:

- Preserve the Group’s current share of the French personal insurance market.
- Raise profitability by engineering a shift in the product mix towards higher margin segments and improving operating efficiency, as measured by the cost/income ratio.
- Achieve strong organic growth in international markets by enhancing cooperation with existing partners and developing synergies throughout the Group.
- Double the amount invested in acquisitions outside France (i.e., to approximately €2 billion), with an accretive impact on earnings per share in each case. By the end of the projection period, international markets should account for one-third of total premium income. The priority growth areas will remain Latin America, Southern Europe and the Mediterranean basin.

- Framework established for the new partnership between CNP Assurances and UniCredit

In January 2008, the Boards of Directors of CNP Assurances and UniCredit approved the terms of a Memorandum of Understanding concerning the adjustments to be made to the agreements regarding their joint subsidiary CNP Capitalia Vita, renamed CNP Unicredit Vita.

The agreements will be implemented based on the following principles:

- CNP Capitalia Vita will maintain its overall sales potential in the new organizational structure of UniCredit Group, with exclusive distribution rights for the Banca di Roma and Banco di Sicilia networks;
- Starting from January 2008, a flexible range of products consistent with the rest of the UniCredit group life insurance offer and its overall marketing policy is being launched, with a promotional focus on unit-linked rather than index-linked products. In addition, CNP Capitalia Vita is continuing to develop its loan insurance and personal insurance offers.

- New offering for credit brokers

Following pilot testing conducted at the end of 2007, CNP Assurances has begun to market Credifid in partnership with Gras Savoye. This provides loan insurance for individual borrowers via credit brokers who are increasingly active in the home loans market.

CNP Assurances aims to use Credifid to gain a foothold in the delegation of insurance market (individual borrowers take out insurance with a different organism from that which provided them with the loan).

- Annual General Meeting of 22 April 2008

After approving the Company-only and consolidated financial statements for 2007, the shareholders approved a dividend of €2.85 per share.
The Chief Executive Officer reiterated the Group’s commitment to double-digit growth in attributable recurring profit in 2008 provided that there is no marked deterioration in the current financial crisis.

1.2. Subsequent events

- Strategic partnership arrangement in Greece and Cyprus

On July 22, 2008, CNP Assurances and Marfin Popular Bank (MPB) entered into a long-term agreement to develop the insurance and pension businesses in MPB's Greek and Cypriot banking networks and to help MPB with its expansion drive into Central and Eastern Europe.

This agreement provides for:

- The acquisition by CNP of a 50.1% stake in MPB's insurance businesses (currently composed of 66% life and 34% non-life) mainly comprising Laiki Cyprialife (LCL – providing life insurance in Cyprus), Laiki Insurance (LI – providing casualty insurance in Cyprus), Marfin Life (ML - providing life insurance in Greece) and Marfin Brokers (MB – casualty insurance brokers in Greece). CNP will assume operational control of these entities.
- Exclusive distribution rights for a renewable ten-year period with the possibility of extending the agreement to other countries in which MPB is developing its business.

The partnership's key strategic objectives are to:

- Bolster the strong positions of LCL and LI in the attractive Cypriot market; they already have market shares of 25% and 15%, respectively;
- Develop a global offering in the high-potential Greek market that will enable MPB to gain market share in line with its 5% share of the banking services market.

CNP will pay MPB an initial amount of €145 million plus an additional €20 million under an objectives-based earn out mechanism. Under the terms of the transaction MPB will also receive a pre-dividend of €20 million. The entire operation will be financed from internal resources. It will have a positive impact on CNP's earnings per share beginning in 2009 and will be neutral in terms of the impact on the Group's solvency capital.
The operation should be finalised by the end of 2008 once the necessary authorisations have been obtained from the various regulators.

MPB is a dynamic, rapidly-growing Group and the fifth-largest Greek bank in terms of total asset value. In terms of deposit-taking/lending activity it is ranked seventh in Greece and second in Cyprus with market shares of 5% and 20%, respectively.
MPB has a network of over 450 branches, including 115 in Cyprus and nearly 200 in Greece. In 2007, it reported net banking income of €1,242 million and turned in a net profit of €593 million.

2 MARKET AND BUSINESS REVIEW

2.1 Economic environment

The CAC 40 index shed 21% in the first-half of 2008 to end at 4,434.85 points against the backdrop of the ongoing financial crisis (subprimes, monoline insurers) and continuing high prices for oil. Investors were again confronted with announcements and rumoured announcements of write-offs and capital injections in the banking sector. Low growth (GDP grew by only 0.5% in France, 0.8% in the euro zone and 0.6% in the US in first-half 2008) coupled with high inflation (3.3% in France, 3.7% in the euro zone and 4.2% in the US for the month of May) fuelled by the hike in raw material prices, especially oil prices (USD 142 a barrel) kindled fears of a return to stagflation. In order to stave off the risk of a credit crunch, the major western banks injected massive amounts of liquidity into the international monetary system. Between 22 January and 30 April 2008, the Federal Reserve cut the Fed Fund rate from 4.25% to 2%. The impending decision of the ECB to put up its key interest rates in July put strong pressure on bond yields, notably short-term bills (the two-year BTAN rate stood at 4.716% and the ten-year OAT rate was 4.807% at 30 June). Since 31 December 2007, the 3-month Euribor has risen by 26 base points to 4.947% and the euro has gained 7.09% on the dollar to stand at USD 1.5764.

Financial market indicators at 30 June 2008

	30/06/07	31/12/07	30/06/08
CAC 40	**6,054.93**	**5,614.08**	**4,434.85**
Eurostoxx50	**4,489.77**	**4,399.72**	**3,352.81**
3-month Euribor	**4.175%**	**4.684%**	**4.947%**
10-year OAT	**4.613%**	**4.456%**	**4.807%**
€1 in $ (period-end rate)	**1.350**	**1.472**	**1.5764**
€1 in BRL (period-end rate)	**2.598**	**2.622**	**2.528**
€1 in BRL (average rate)	**2.711**	**2.660**	**2.661**

2.2 Regulatory and tax environment

According to estimates published by the industry federation (*Fédération Française des Sociétés d'Assurances*) in February 2008, group policies should contribute two points to the growth in life insurance business in 2008 following changes in French insurance regulations.
Under the Fillon Law of 2003, insurers offering supplementary pensions in France either have to gain accreditation as an insurer of personal risk or merge with an existing personal risk insurer before end-2008, or else reorganize as a supplementary pension fund and transfer the related commitments to an insurer. This third option should boost French life insurance business in 2008.

2.3 Business review

Preliminary comment: The following revenue figures are generally stated under IFRS. However, due to the application of IAS 39 to account for certain products for which only the premium loading is recognised, new money may be used as a meaningful comparative with local GAAP figures or as a basis for determining the load recognisable in revenue. The accompanying tables provide both IFRS and GAAP figures.

Consolidated revenue

Average technical reserves, which are the main driver of earnings growth, rose by 6.3% over the six months to 30 June 2008, excluding deferred participation and net of a 1% decline in linked liabilities. The year-on-year increase was 4.5%, reflecting the substantial fall in the equity markets, particularly in June 2008. Excluding this effect, the increase would have been 6%.

Consolidated premium income for the first six months of the year amounted to €14,063.5 million under IFRS, down 19.2%. The rate of decline slowed in the second quarter, however, easing to 15.3% (to €6,425.3 million) from 22.1% in the first three months of the year.

New money contracted 14% in the second quarter versus 19% in the first, resulting in an average decrease of 16.8% (to €14,750.3 million) over the first six months of the year. In both France and Italy, the decline was attributable to the reduced attractiveness of unit-linked products, which were impacted by the falling stock markets, and to strong competition from easy-access savings products offering high interest rates that were raised yet again in the second quarter. The 3-month Euribor, for example, rose to 4.94% at 30 June from 4.71% at 31 March.

According to estimates published by the industry federation (FFSA), the French savings and pensions market generated €68.2 billion in new money under French GAAP, down 8% on first-half 2007. The decline, which heavily impacted bancassurers (down 14%), continued to reflect i) the attractiveness of easy-access savings products, with new money up 58% year-on-year to €38.5 billion, and ii) a 40% drop in demand for unit-linked products, dragged down by the sinking stock market. As of 30 June, for example, the benchmark CAC 40 was down 21% year-to-date and 12% in the month of June alone.

Mathematical reserves were up 3% on an annualised basis (reflecting 8% growth in reserves for non-unit-linked contracts and a 14% decline in unit-linked contracts), while net new money went from strength to strength, standing at €23.4 billion, with payouts up 9%.

By business segment

First-half revenue growth was held back by the savings business. On the other hand, sales of pure insurance products, which generate very high margins, continued to expand rapidly, with loan insurance premiums up 9.7%, property and casualty premiums up 5.2% and personal risk premiums up 4.6%.

In the savings and pensions segment, unit-linked sales fell 30% to €3,070.7 million for the Group as a whole and by 44.5% in France, roughly in line with the French market's 40% decline.

	IFRS			French GAAP	
Premium income (€m)	**First-half 2008**	**First-half 2007**	**% change**	**First-half 2008**	**% change**
Savings	10,445.1	14,153.9	-26.2	11,131.6	-22.7
Pensions	1,176.4	968.3	+21.5	1,176.8	+10.1
Personal risk	818.2	782.0	+4.6	818.2	+4.6
Loan insurance	1,274.4	1,162.1	+9.7	1,274.4	+9.7
Health insurance	170.1	160.8	+5.8	170.1	+5.8
Property & Casualty	179.3	170.4	+5.2	179.3	+5.2
TOTAL	**14,063.5**	**17,397.5**	**-19.2**	**14,750.3**	**-16.8**

Premium income in Spain comprises CNP Vida only since the second quarter of 2007.

By country and partner network

In France and Italy, CNP Assurances (and the bancassurers) continued to endure competition from easy-access savings accounts in the first half. In Brazil, however, operations reported excellent growth for the period.

	IFRS			French GAAP		
	First-half 2008	First-half 2007	Change	First-half 2008	First-half 2007	Change
	(€m)	(€m)	%	(€m)	(€m)	%
La Banque Postale	4,900.4	6,505.5	-24.7	4,904.1	6,510.2	-24.7
Caisses d'Épargne	5,037.9	6,095.2	-17.3	5,039.3	6,097.1	-17.3
CNP Trésor	364.9	454.7	-19.8	365.2	467.9	-22.0
Financial Institutions France (1)	711.8	682.3	+4.3	711.8	682.3	+4.3
Mutual insurers	439.9	377.7	+16.5	439.9	377.7	+16.5
Companies and local authorities	816.7	803.0	+1.7	817.0	903.2	-9.5
Others (France)	47.8	44.4	+7.7	47.8	44.4	+7.7
TOTAL France	**12,319.3**	**14,962.8**	**-17.7**	**12,325.1**	**15,082.9**	**-18.3**
Global (Portugal)	82.3	88.0	-6.5	93.3	88.0	+6.1
CNP Seguros de Vida (Argentina) (2)	2.8	2.4	+16.0	2.8	2.4	+16.0
CNP Vida (Spain)	76.5	31.8	+140.6	76.5	31.8	+140.6
Caixa Seguros (Brazil) (2)	765.2	550.7	+39.0	900.4	675.2	+33.4
Italy – CNP Vita	739.7	1,686.5	-56.1	1,274.6	1,781.0	-28.4
Financial institutions outside France	56.5	41.5	+36.3	56.5	41.5	+36.3
Branches	21.0	33.8	-37.8	21.0	33.8	-37.8
Others (outside France)	0.0	0.1	-43.4	0.0	0.1	-43.4
TOTAL international	**1,744.1**	**2,434.7**	**-28.4**	**2,425.3**	**2,653.8**	**-8.6**
TOTAL	**14,063.5**	**17,397.5**	**-19.2**	**14,750.3**	**17,736.7**	**-16.8**

(1) Excluding Cofidis outside France.

(2) Average exchange rates:

Argentina: €1 = ARS 4.90288

Brazil: €1 = BRL 2.66072

France

Second-quarter premium income in France amounted to €5,689.5 million, including €154 million in Fourgous transfers, compared with €6,305.7 million in the same period of 2007, which included €596 million in Fourgous transfers. Like the decline observed in the bancassurance segment, the quarter's 9.8% decrease, which was less pronounced than the 23.4% drop in the first three months of the year, stemmed from competition from easy-access savings products offered by banks as well as Livret A passbook savings accounts, whose interest rate was raised to 3.5% in February and to 4% on 1 August.
First-half 2008 premium income in France amounted to €12,319.3 million, down 17.7%.
The decline mainly concerned the savings business, with the higher-margin personal risk and loan insurance businesses experiencing robust growth. Transfers from non-unit-linked contracts to combined unit-linked/non-unit-linked contracts (Fourgous transfers) amounted to €418 million in first-half 2008, versus €1,499 million in the same period last year. Excluding these transfers, premium income in France was down 11.6%, well ahead of the 14% contraction in the bancassurance segment. This outperformance was driven by the impact of the marketing campaigns organised since April. Net new savings and pensions money remained high at €3.5 billion. Savings and pensions payouts declined by 5%. Excluding the impact of savings withdrawals due to Fourgous transfers, payouts rose by 10.7%, well below the growth of approximately 14% observed in the French market excluding Fourgous transfers (9% including the transfers).
Held back by stock market conditions, unit-linked sales fell 44.5% to €1,325 million, tracking the 40% decline in the French market. Unit-linked sales by the three distribution networks represented 13.1% of total premium income for the first half.

Premium income generated by **La Banque Postale** amounted to €4,900.4 million, compared with €6,505.5 million in the first half of 2007, which saw 25.2% growth versus first-half 2006. The decline was mainly due to the lower volume of Fourgous transfers, which amounted to €216 million versus €1,056 million in first-half 2007. Excluding these transfers, premium income was down 14%, in line with the decline in the French bancassurance sector as a whole, but with a significant improvement in the second quarter. Sales of all products other than savings contracts (pension, personal risk and loan insurance products) continued to grow.

The **Caisses d'Epargne** savings banks generated premium income of €5,037.9 million in the first half, compared with €6,095.2 million for the same period of 2007. The 2008 total included around €180 million in transfers from PEL home-savings accounts versus €350 million in first-half 2007. Excluding Fourgous and PEL transfers, the 14% decline was in line with that of the bancassurance segment as a whole. The second quarter saw a sharp improvement in business that limited the decline in premium income to 4.9% and brought the total decrease to 17.3% for the first half. The buoyant loan insurance segment enjoyed growth of more than 10% year-on-year.

The **CNP Trésor** network reported first-half premium income of €364.9 million compared with €454.7 million in the year-earlier period, with an improvement in the second quarter fuelled by promotional offers with or without a minimum unit-linked weighting requirement. The decline was primarily attributable to a sharp slowdown in Fourgous transfers, which have fallen by more than 93% in the last 12 months, to €7.5 million from €109.1 million in first-half 2007. Excluding these transfers, CNP Trésor significantly outperformed the French market, with business up 3.1%.

The **16.5%** growth generated by the **Mutual Insurance partnership centre** was led by the signature of new group pension and health reinsurance contracts.
The 4.3% improvement reported by the **Financial Institutions partnership centre** reflected robust sales of loan insurance products in France, up 8.9% overall despite a slowdown in the second quarter.

International operations

New money from operations outside France amounted to €2,425.3 million, a decline of 8.6% for the period. Under IFRS, premium income was down by 28.4%, due to the accounting treatment of the new Italian products.

Europe

- **Italy – CNP Vita**
  The Italian life insurance market contracted by 24% in the first five months of 2008. Bancassurers suffered a 28% drop, led by a 24% decline in the unit-linked segment. The sharp contraction reflected the new sales strategies at certain banks, which are pushing clients towards bank-type savings products. With the 24% fall in the equities market since 1 January, consumers are shifting their savings to less risky products whose returns are rising with the upturn in short interest rates. In addition, following the increase in the contractual period from five to seven years in 2000 and 2001, certain bancassurers like CNP Vita are seeing a trough in their index-linked product maturities.
  In this environment, CNP Vita reported premium income of €1,275 million for the first half, down 28.4%. This was in line with competing bancassurers, thereby enabling the company to hold market share stable at around 6%. The impact of contract maturities (down 55% compared with first-half 2007) remained favourable. In all, net new money amounted to €598 million, compared with €174 million in the year-earlier period. However, as explained above, the application of IAS 39 to account for certain products led to a reduction in premium income under IFRS, to €739.7 million.
  The loan insurance business continued to expand rapidly, with premium income up 30% compared with first-half 2007.

CNP Vita Premium Income for the First-Half of 2008

(€m)	IFRS			French GAAP		
Market Segment	**First-half 2008**	**First-half 2007**	**% change**	**First-half 2008**	**First-half 2007**	**% change**
Savings	686.1	1,640.6	- 58.2	1,221.0	1,735.2	- 29.6
Pensions	12.3	13.7	- 10.0	12.3	13.7	- 10.0
Personal risk	3.2	2.9	+ 12.9	3.2	2.9	+ 12.9
Loan insurance	38.1	29.3	+ 29.8	38.1	29.3	+ 29.8
TOTAL	**739.7**	**1,686.5**	**- 56.1**	**1,274.6**	**1,781.0**	**- 28.4**

- **Portugal – Global and Global Vida**
  In Portugal, the life insurance market confirmed its recovery, expanding 20% year-on-year in May. Growth was led by the bancassurers, who, unlike their counterparts in other European countries, recorded substantial transfers from bank-type products to insurance products. The pensions segment also enjoyed very strong growth, at 34%, while the non-life market remained stable.
  The Global group reported a 6.1% increase in premium income for the period.
  The non-life market remained stable.
  Life premiums rose by 35%, following the market launch of a new range of savings products, most of whose revenue is excluded from premium income in accordance with IAS 39.

- **In Spain**, the new **CNP Vida** subsidiary, which has been consolidated since 5 April 2007, reported €76.5 million in first-half premium income, down 0.7% year-on-year, as a 5% decline in unit-linked sales offset a robust 54% gain in the pensions business.

Latin America

- **Brazil – Caixa Seguros**
  Caixa Seguros reported premium income of BRL 2,396 million, up 30.9% in local currency in a market up 14% (excluding health insurance) in the first five months of 2008. Growth in euros was 33.4% higher, reflecting the real's average 1.9% gain against the euro compared with first-half 2007.

Caixa Seguros Premium Income for the First-Half of 2008

BRLm	**IFRS**			**French GAAP**		
Market Segment	**First-half 2008**	**First-half 2007**	**%** change	**First-half 2008**	**First-half 2007**	**%** change
Savings	34.2	40.1	- 14.9	394.0	377.6	+ 4.4
Pensions	1,291.6	815.2	+ 58.5	1,291.6	815.2	+ 58.5
Personal risk	263.0	237.3	+ 10.9	263.0	237.3	+ 10.9
Loan insurance	158.1	130.7	+ 20.9	158.1	130.7	+ 20.9
Property & Casualty	289.2	270.0	+ 7.1	289.2	270.0	+ 7.1
TOTAL	**2,036.0**	**1,493.2**	**+ 36.4**	**2,395.9**	**1,830.6**	**+ 30.9**

Premiums increased across most business segments (growth rates are shown in local currency):
- Savings premium income continued to increase, by 4.4% under local GAAP. The period-on-period fall in the IFRS amount – which corresponds to the premium loading and not to total premiums – is due to the heavy weighting of single premium products for which the loading rate declines over time.
- The pensions business expanded by a very strong 58.5%.
- The loan insurance business is enjoying very fast growth, gaining 20.9% over the period.

3 CONSOLIDATED FINANCIAL STATEMENTS

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

Review of results

Key earnings figures are as follows:

	First-half 2008	First-half 2007	Year-on-year change
Premium income	14,063.5	17,397.5	-19.2%
New money	14,750.3	17,736.7	-16.8%
Insurance and financial liabilities (average) (excluding the deferred participation reserve)	237,807.5	223,617.2	6.3%
Administrative costs (1)	378.4	363.1	4.2%
Operating profit	918.2	941.0	-2.4%
Restated EBIT (2)	956.4	894.5	6.9%
Income tax expense calculated on restated EBIT	273.3	250.7	9.0%
Minority interests	73.1	86.0	-15.0%
Restated attributable recurring profit (3)	632.9	579.8	9.1%
Attributable to equity holders of the parent	574.4	567.9	1.1%

(1) Excluding CNP Trésor employee benefits expense: €17.1 million in first-half 2008 and €17.9 million in first-half 2007.

(2) Restated EBIT: operating profit adjusted for (i) net fair value adjustments to financial assets and net realized gains on equities and investment property, excluding the deferred participation reserve (in total: negative adjustment of €345.5 million in first-half 2008 and positive adjustment of €240.7 million in first-half 2007) and (ii) net non-recurring movements in technical reserves (positive adjustment of €307.3 million in first-half 2008 and negative adjustment of €194.2 million in first-half 2007).

(3) Restated attributable recurring profit: profit attributable to equity holders of the parent adjusted for (i) fair value adjustments to financial assets at fair value through profit and to impairment, net of tax (negative adjustment of €272.7 million in first-half 2008 and positive adjustment of €124.6 million in first-half 2007), and (ii) net non-recurring movements in technical reserves, net of tax (positive adjustment of €214.2 million in first-half 2008 and negative adjustment of €136.5 million in first-half 2007)

Restated EBIT and restated attributable recurring profit are two key performance indicators used by the Group. They have the advantage of being unaffected by (i) the impact of fair value adjustments on assets recognized at fair value through profit or loss and on the impairment of assets for which changes in fair value are recognized in equity, and (ii) non-recurring movements in technical reserves.

Review of results

Premium income dropped by 19.2% (see comments in section 2.3).
New money, which includes premiums recognized in accordance with IAS 39, fell back 16.8% year-on-year (see comments in section 2.3).

Average **insurance and financial liabilities** grew by 6.3%, excluding the deferred participation reserve, corresponding to the portion of unrealized gains attributable to policyholders under shadow accounting principles.
Growth was driven by premium income, the increase in the value of policyholders' savings and contract terminations.

Claims and benefits, including changes in technical reserves and policyholder participation, were down by 48% over first-half 2007. The decrease reflected changes in fair value of financial assets at fair value through profit (trading securities) recognised in the deferred participation reserve and movements in provisions for impairment recognised in the income statement on financial assets at fair value through equity (available-for-sale financial assets).

Compared with first-half 2007, paid claims and benefits – including handling expenses – fell by 3.4% due to lower volumes of contracts surrendered at absolute value. The ratio of paid claims and benefits to insurance and financial liabilities, excluding the deferred participation reserve, stood at 7.9% on an annualised basis in first-half 2008 versus 8.6% in the year-earlier period. Total revenues allocated to policyholders, including credited interest and policyholders' participation, amounted to €2.2 billion in first-half 2008. Excluding deferred participation, the total was €4.6 billion and remained stable year-on-year.

Net investment income excluding finance costs fell sharply by €7.2 billion on one year earlier due to the €4.8 million net decrease in the fair value of financial assets at fair value through profit, compared with a €1.7 billion net increase in the year-earlier period.

Administrative expenses (excluding CNP Trésor set-up expenses of €17.1 million) totalled €378.4 million, an increase of 4.2%. These expenses are analysed in the income statement by function. Administrative expenses for the French entities grew by 3.3%. Administrative expenses include acquisition costs, administrative expenses, claims handling expenses, investment management costs and other underwriting costs.

Acquisition costs were 20% higher at €1,597.3 million, reflecting 20.7% growth in **commissions** paid to referral agents to €1,479 million, up from €1,225 million for the six months to 30 June 2007. Commissions grew at a faster rate than the underlying revenue and managed assets, due to the election by certain group insurance partners to be paid commissions rather than a share in underwriting profit.

Operating profit, corresponding mainly to revenue plus net investment income less claims and benefits, administrative expenses and commissions fell back slightly by 2.4% year-on-year to €918.2 million.

Restated EBIT corresponds to operating profit before:

– Fair value adjustments to financial assets at fair value through profit (trading securities) net of realised gains and losses on this category of investments (corresponding to fair value adjustments recognised in prior periods), after policyholder participation (representing a negative €294,5 million in first-half 2008 versus a positive €239.6 million in first-half 2007).

– realised gains and losses on equities measured at fair value through equity (available-for-sale financial assets), impairments in value of equities classified as available-for-sale and realised gains and losses on investment property. These items are stated net of policyholder participation. Realised gains and losses on available-for-sale financial assets represented a positive amount of €88.7 million in first-half 2008 and a positive amount of €46.3 million in first-half 2007; the corresponding impairment totalled €139.7 million in the year to 30 June 2008 versus a year-earlier amount of €45.2 million. – Net movements in non-recurring provisions representing a positive €307.3 million in first-half 2008 and mainly corresponding to the reversal of an interest rate provision concerning the Group's commitments to the insured in the wake of a general increase in interest rates; the corresponding amount booked in the six months to 30 June 2007 was a negative €194.2 million the bulk of which was set aside to cover policyholder participation.

Restated EBIT grew 6.9% year-on-year.

Income tax expense calculated on restated EBIT reflected the aforementioned movements.

Minority interests fell €12.9 million year-on-year to €73.1 million mainly due to the buyout of Ecureuil Vie's minority shareholders who represented an amount of €17.3 million in the accounts for the six months to 30 June 2007.

Profit attributable to equity holders of the parent amounted to €574.4 million, up 1.1% compared with first-half 2007 profit.

Restated recurring profit was up 9.1% on the year-earlier figure and corresponds to attributable recurring profit excluding the attributable portion of:

– Fair value adjustments to financial assets at fair value through profit (trading securities) net of realised gains and losses on this category of investments (corresponding to fair value adjustments recognised in prior periods), after policyholder participation and the tax effect (representing a negative €182 million in first-half 2008 versus a positive €161.6 million in first-half 2007) and other-than-temporary impairments on equities measured at fair value through equity (totalling €90.7 million in the year to 30 June 2008 versus a year-earlier amount of €37 million).

– the net of tax impact of movements in non-recurring provisions (representing a positive €214.2 million in first-half 2008 versus a negative €136.5 million in first-half 2007).

Consolidated balance sheet at 30 June 2008

Total assets amounted to €270.9 billion at 30 June 2008, compared with €276.7 billion at 31 December 2007 and €270.3 billion at 30 June 2007.

Insurance and financial liabilities totalled €242 billion at 30 June 2008. If the deferred participation asset carried in the balance sheet for an amount of €3.4 billion is included, the Group's commitments to the insured have declined by an amount of €5.6 billion year-on-year. In light of the slowdown in the financial markets, changes in the fair value of investments are negative from an overall perspective and a deferred participation asset was booked for an amount of €1.5 billion in accordance with shadow accounting principles which state that the underlying change in policyholder liability must be reflected in any fair value adjustment. In a recoverability test conducted on June 30 2008, the Group demonstrated its capacity to recover this amount over time from future or unrealised profits.

Excluding the change in the deferred participation reserve, insurance and financial liabilities rose 1.9% over 31 December 2007 and 4.5% over 30 June 2007.

Equity attributable to equity holders of the parent, which now includes €2,143 million in deeply-subordinated debt reclassified from debt in accordance with the IFRIC's interpretation published in November 2006, fell by €790 million (6.9%) over 31 December 2007 to €10,615 million. The decrease reflected the recognition of profit for the period (€574 million increase), the payment of dividends (€422 million decrease) and fair value adjustments recognised directly in equity (€925 million decrease).

Solvency capital

Solvency capital (net of unrealised gains) at 30 June 2008, calculated based on the equity (determined under French GAAP) in accordance with the guidelines issued by the French insurance supervisor (*Autorité de Contrôle des Assurances et des Mutuelles*), represented 120% of the regulatory minimum against 117% at 31 December 2007. The higher coverage rate was due mainly to the increase in profit for the period under French GAAP after taking off the forecast dividend (+8 points), offset by the four-point decrease in the regulatory minimum requirement.

Asset portfolio and financial management

Insurance investments at 30 June 2008 totalled €253.9 billion, down 3.3% on 31 December 2007, due to fair value adjustments for a negative amount of €11.1 billion and the recognition of impairment expense of €0.8 million.

Investments are measured at fair value, except for held-to-maturity investments and property assets not backing linked liabilities, which are measured using the cost model.

Available-for-sale financial assets at 30 June 2008 represented 70.5% of total investments and financial assets at fair value through profit (trading securities) represented 27.1%, while held-to-maturity investments and other investments (mainly investment property and loans) accounted for 2.4%.

4 OUTLOOK

In the second half of the year the Group will pursue the marketing initiatives that underpinned the development of the business in the second quarter, focusing in particular on products that convert surplus savings from easy-access accounts into insurance products.
Outside France, the Group's current priority is to successfully integrate its new subsidiary in Greece and Cyprus and to continue expanding its product offering in Italy and Spain.