

CNP ASSURANCES INTERIM CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED 30 JUNE 2021

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FIRST-HALF 2021 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(In € millions)	Notes	30.06.2021	31.12.2020
Goodwill	6	196.8	188.9
Value of In-Force business	6	11.2	12.2
Other intangible assets	6	3,605.0	3,436.4
Total intangible assets		3,813.0	3,637.5
Investment property	8	2,466.7	2,411.0
Held-to-maturity investments	8	76.4	144.6
Available-for-sale financial assets	8	302,024.6	305,704.9
Securities held for trading	8	98,682.3	90,933.2
Loans and receivables	8	4,944.6	5,123.1
Derivative instruments	8	543.2	530.6
Insurance investments		408,737.8	404,847.3
Other investments		2.4	3.5
Investments in equity-accounted companies		603.7	526.6
Reinsurers' share of insurance and financial liabilities	9	21,156.7	21,082.6
Insurance or reinsurance receivables	10	5,792.1	2,624.5
Current tax assets		350.2	693.5
Other receivables		5,297.3	4,881.7
Owner-occupied property and other property and equipment	7	385.0	152.3
Other non-current assets		2,239.2	2,176.6
Deferred participation asset	9	0.0	0.0
Deferred tax assets		240.2	180.2
Other assets		14,304.0	10,708.7
Non-current assets held for sale and discontinued operations		0.0	0.0
Cash and cash equivalents		1,394.9	1,734.0
TOTAL ASSETS		450,012.5	442,540.1

EQUITY AND LIABILITIES

<i>(In € millions)</i>	Notes	30.06.2021	31.12.2020
Share capital	5	686.6	686.6
Share premium account		1,736.3	1,736.3
Revaluation reserve		4,195.7	4,362.2
Cash flow hedge reserve		2.9	(15.9)
Undated subordinated notes reclassified in equity	5	1,881.3	1,881.3
Retained earnings		12,101.5	11,837.2
Profit for the period		690.0	1,350.0
Translation reserve		(1,012.1)	(1,157.6)
Equity attributable to owners of the parent		20,282.2	20,680.2
Non-controlling interests		3,408.9	3,319.2
Total equity		23,691.1	23,999.3
Insurance liabilities (excluding unit-linked)	9	175,808.8	171,903.1
Insurance liabilities (unit-linked)	9	63,828.0	57,293.2
Insurance liabilities		239,636.8	229,196.3
Financial liabilities - financial instruments with DPF (excluding unit-linked)	9	102,053.5	106,260.8
Financial liabilities - financial instruments without DPF (excluding unit-linked)	9	539.1	494.1
Financial liabilities - unit-linked financial instruments	9	10,346.3	9,559.5
Financial liabilities		112,938.8	116,314.4
Derivative financial instruments separated from the host contract		0.0	0.0
Deferred participation reserve	9	29,899.8	31,587.0
Insurance and financial liabilities		382,475.4	377,097.7
Provisions		293.4	286.6
Subordinated debt		7,442.5	6,824.2
Other financing liabilities		0.0	0.0
Financing liabilities		7,442.5	6,824.2
Operating liabilities represented by securities		14,029.3	13,957.7
Operating liabilities due to banks		154.0	117.3
Liabilities arising from insurance and reinsurance transactions	11	15,852.6	13,270.1
Current taxes payable		224.0	184.0
Current account advances		81.8	81.8
Liabilities towards holders of units in controlled mutual funds		438.8	399.7
Derivative instruments	8	999.6	912.3
Deferred tax liabilities		864.0	983.0
Miscellaneous payables		3,466.1	4,426.4
Other liabilities		36,110.0	34,332.3
Liabilities related to assets held for sale and discontinued operations		0.0	0.0
TOTAL EQUITY AND LIABILITIES		450,012.5	442,540.1

CONSOLIDATED INCOME STATEMENT

<i>(In € millions)</i>	Notes	30.06.2021	30.06.2020
Premiums written		16,378.9	11,519.0
Change in unearned premiums reserve		(105.8)	(46.7)
Earned premiums	12	16,273.1	11,472.3
Revenue from other activities	12	50.5	63.6
Other operating revenue		0.0	0.0
Net investment income		2,975.2	3,112.3
Gains and losses on disposal of investments		466.6	505.4
Change in fair value of financial assets at fair value through profit or loss		3,847.0	(2,430.9)
Change in impairment losses on financial instruments		88.0	(150.3)
Investment income before finance costs	13	7,376.8	1,036.6
Income from ordinary activities		23,700.4	12,572.5
Claims and benefits expenses		(20,213.0)	(9,040.4)
Reinsurance result		62.1	61.0
Expenses of other businesses		(0.3)	0.0
Acquisition costs		(1,926.1)	(1,930.1)
Amortisation of value of In-Force business and distribution agreements		(70.6)	(11.6)
Contract administration expenses		(113.0)	(122.9)
Other recurring operating income and expense, net		(167.5)	(218.5)
Total other recurring operating income and expense, net		(22,428.4)	(11,262.6)
Recurring operating profit		1,272.0	1,309.9
Other non-recurring operating income and expense, net		(4.0)	(25.1)
Operating profit		1,267.9	1,284.8
Finance costs	13	(120.3)	(127.8)
Change in fair value of intangible assets		0.0	0.0
Share of profit of equity-accounted companies		24.8	25.4
Income tax expense	14	(371.0)	(412.1)
Profit (loss) from discontinued operations, after tax		0.0	0.0
Net profit for the period		801.4	770.3
Non-controlling interests		(111.4)	(141.6)
Net profit attributable to owners of the parent		690.0	628.7
Basic earnings per share (in €)		0.97	0.89
Diluted earnings per share (in €)		0.97	0.89

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED IN EQUITY – FIRST-HALF 2021

<i>(In € millions)</i>	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
Net profit for the period	690.0	111.4	801.4
Income and expense recognised directly in equity			
Amounts recycled through profit or loss	(2.3)	163.8	161.5
Available-for-sale financial assets	(166.5)	(35.8)	(202.3)
Change in revaluation reserve during the period	(2,103.4)	(36.3)	(2,139.7)
Reclassification of proceeds from disposals to profit or loss	(613.2)	(11.3)	(624.5)
Reclassification of impairment losses to profit or loss	125.9	0.3	126.3
<i>Sub-total including deferred participation and deferred taxes</i>	(2,590.6)	(47.3)	(2,637.9)
Deferred participation including deferred taxes	2,264.8	(13.2)	2,251.7
Deferred taxes	159.3	24.6	183.9
Of which, change in revaluation reserve for non-current assets held for sale	0.0	0.0	0.0
<i>Sub-total net of deferred participation and deferred taxes</i>	(166.5)	(35.8)	(202.3)
Cash flow hedge reserve	18.7	0.0	18.7
Change in cash flow hedge reserve during the period	55.7	0.0	55.7
Cash flow hedge reserve recycled through profit or loss during the period	(29.9)	0.0	(29.9)
Deferred taxes	(7.2)	0.0	(7.2)
Translation differences	145.5	199.6	345.1
Amounts not recycled through profit or loss	(4.9)	0.0	(4.9)
Actuarial gains and losses	(4.9)	0.0	(4.9)
Other movements	0.0	0.0	0.0
Total income and expense recognised directly in equity	(7.2)	163.8	156.6
TOTAL INCOME AND EXPENSE RECOGNISED IN EQUITY	682.8	275.2	958.0

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE RECOGNISED IN EQUITY – FIRST-HALF 2020

<i>(In € millions)</i>	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
Net profit for the period	628.7	141.6	770.3
Income and expense recognised directly in equity			
Amounts recycled through profit or loss	(1,102.4)	(245.0)	(1,347.3)
Available-for-sale financial assets	(608.3)	1.9	(606.3)
Change in revaluation reserve during the period	(3,306.3)	(27.3)	(3,333.6)
Reclassification of proceeds from disposals to profit or loss	(532.7)	(12.8)	(545.6)
Reclassification of impairment losses to profit or loss	260.8	0.3	261.1
<i>Sub-total including deferred participation and deferred taxes</i>	(3,578.2)	(39.8)	(3,618.1)
Deferred participation including deferred taxes	2,768.6	46.5	2,815.1
Deferred taxes	201.4	(4.8)	196.6
Of which, change in revaluation reserve for non-current assets held for sale	0.0	0.0	0.0
<i>Sub-total net of deferred participation and deferred taxes</i>	(608.3)	1.9	(606.3)
Cash flow hedge reserve	22.1	0.0	22.1
Change in cash flow hedge reserve during the period	14.2	0.0	14.2
Cash flow hedge reserve recycled through profit or loss during the period	18.4	0.0	18.4
Deferred taxes	(10.5)	0.0	(10.5)
Translation differences	(516.2)	(246.9)	(763.1)
Amounts not recycled through profit or loss	(2.0)	0.0	(2.0)
Actuarial gains and losses	(2.0)	0.0	(2.0)
Other movements	0.0	0.0	0.0
Total income and expense recognised directly in equity	(1,104.4)	(245.0)	(1,349.4)
TOTAL INCOME AND EXPENSE RECOGNISED IN EQUITY	(475.7)	(103.4)	(579.0)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - FIRST-HALF 2021

(In € millions)	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Retained earnings and profit	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01.01.2021 - IFRS	686.6	1,736.3	4,362.2	(15.9)	1,881.3	13,187.2	(1,157.6)	20,680.2	3,319.2	23,999.3
Net profit and unrealised and deferred gains and losses for the period			(166.5)	18.7	0.0	685.1	145.5	682.8	275.2	958.0
· Dividends paid						(1,077.5)		(1,077.5)	(185.5)	(1,263.0)
· Changes in capital/ Merger premium								0.0		0.0
· Subordinated notes, net of tax					0.0	(21.3)		(21.3)	0.0	(21.3)
· Treasury shares, net of tax						0.4		0.4		0.4
· Changes in scope of consolidation			0.0			(0.1)		(0.1)	0.1	0.0
· Other movements			0.0			17.6		17.6	0.0	17.6
Equity at 30.06.2021	686.6	1,736.3	4,195.7	2.9	1,881.3	12,791.5	(1,012.1)	20,282.2	3,408.9	23,691.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - FIRST-HALF 2020

(In € millions)	Share capital	Share premium account	Revaluation reserve	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Retained earnings and profit	Translation reserve	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 01.01.2020 - IFRS	686.6	1,736.3	3,866.2	8.1	1,881.3	11,795.3	(580.7)	19,393.2	1,794.8	21,188.0
Net profit and unrealised and deferred gains and losses for the period			(608.3)	22.1	0.0	626.7	(516.2)	(475.7)	(103.4)	(579.0)
· Dividends paid						0.0		0.0	(135.3)	(135.3)
· Changes in capital/ Merger premium								0.0		0.0
· Subordinated notes, net of tax					0.0	(20.7)		(20.7)	0.0	(20.7)
· Treasury shares, net of tax						(1.5)		(1.5)		(1.5)
· Changes in scope of consolidation			0.0			(0.2)		(0.2)	0.2	0.0
· Other movements			0.0			2.4		2.4	(0.1)	2.3
Equity at 30.06.2020	686.6	1,736.3	3,257.9	30.1	1,881.3	12,402.1	(1,096.8)	18,897.6	1,556.3	20,453.9

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows includes:

- cash flows of fully consolidated companies;
- 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 jointly by the French accounting standards setter (*Autorité des Normes Comptables* – ANC) and the French financial markets authority (*Autorité des Marchés Financiers* – AMF) for the application of Regulation (EU) 2017/1131. 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, owner-occupied 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 shares;
- dividends paid to owners of the parent and non-controlling shareholders of subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(In € millions)</i>	30.06.2021	30.06.2020
Operating profit before tax	1,267.9	1,284.8
Gains and losses on disposal of investments	(414.8)	(533.8)
Depreciation and amortisation expense, net	106.1	52.1
Change in deferred acquisition costs	19.1	56.5
Impairment losses, net	(83.4)	165.5
Charges to technical reserves for insurance and financial liabilities	6,201.7	(2,525.0)
Charges to provisions, net	(2.3)	11.0
Change in fair value of financial instruments at fair value through profit or loss (other than cash and cash equivalents)	(3,828.8)	2,380.7
Other adjustments	(2,099.7)	(548.3)
Dividends received from equity-accounted companies	3.1	1.6
Total adjustments	(99.1)	(939.7)
Change in operating receivables and payables	591.9	60.0
Change in securities sold and purchased under repurchase and resale agreements	71.6	(517.0)
Change in other assets and liabilities	(17.9)	(33.6)
Income taxes paid, net of reimbursements	25.1	(487.7)
Net cash provided by (used by) operating activities	1,839.6	(633.0)
Acquisitions of subsidiaries and joint ventures, net of cash acquired	0.0	0.1
Divestments of subsidiaries and joint ventures, net of cash sold	0.0	0.0
Acquisitions of associates	(37.1)	0.0
Divestments of associates	0.0	0.0
Net cash provided by (used by) divestments and acquisitions	(37.1)	0.1
Proceeds from the sale of financial assets	36,471.0	39,654.2
Proceeds from the sale of investment properties	61.3	62.7
Proceeds from the sale of other investments	0.0	0.0
Net cash provided by (used by) sales and redemptions of investments	36,532.3	39,716.9
Acquisitions of financial assets	(39,005.0)	(43,600.7)
Acquisitions of investment properties	(139.6)	(90.3)
Acquisitions of other investments	0.0	0.0
Net cash provided by (used by) acquisitions of investments	(39,144.6)	(43,690.9)
Proceeds from the sale of property and equipment and intangible assets	3.4	3.5
Purchases of property and equipment and intangible assets	(20.2)	(32.6)
Net cash provided by (used by) sales and purchases of property and equipment and intangible assets	(16.8)	(29.2)
Net cash provided by (used by) investing activities	(2,666.2)	(4,003.1)

(In € millions)	30.06.2021	30/06/2020
Issuance of equity instruments	(0.0)	(0.0)
Redemption of equity instruments	0.0	0.0
Purchases and sales of treasury shares	0.7	(3.0)
Dividends paid	(1,267.1)	(135.3)
Net cash provided by (used by) transactions with owners	(1,266.4)	(138.3)
New borrowings	594.2	750.0
Repayments of borrowings	0.0	(0.0)
Interest paid on borrowings	(150.1)	(158.1)
Net cash provided by (used by) other financing activities	444.1	591.9
Net cash provided by (used by) financing activities	(822.2)	453.6
Cash and cash equivalents at beginning of period	19,464.7	19,237.0
Net cash provided by (used by) operating activities	1,839.6	(633.0)
Net cash provided by (used by) investing activities	(2,666.2)	(4,003.1)
Net cash provided by (used by) financing activities	(822.2)	453.6
Effect of changes in exchange rates	12.0	(80.7)
Effect of changes in accounting policies and other changes ⁽¹⁾	36.1	76.5
CASH AND CASH EQUIVALENTS AT THE REPORTING DATE	17,863.9	15,050.2

⁽¹⁾ The amount reported under "Effect of changes in accounting policies and other changes" corresponds to reclassifications of cash equivalents as "Ordinary money market funds"

Reconciliation of cash flows from financing activities to the amounts reported in the financial statements

This table reconciles cash flows from financing activities to the amounts reported in the other financial statements. Other movements correspond to changes in deferred taxes and fair value adjustments to the cash flow hedge reserve recognised directly in equity.

At 30 June 2021

(In € millions)	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Subordinated debt	Other financing liabilities	TOTAL
31.12.2020	(15.9)	1,881.3	6,824.2	0.0	8,689.6
Issue	0.0	0.0	594.2	0.0	594.2
Redemption	0.0	0.0	0.0	0.0	0.0
Total cash items	0.0	0.0	594.2	0.0	594.2
Translation adjustments	0.0	0.0	0.0	0.0	0.0
Fair value adjustments	18.5	0.0	29.9	0.0	48.4
Changes in scope of consolidation	0.0	0.0	0.0	0.0	0.0
Other movements	0.2	0.0	(5.7)	0.0	(5.5)
Total non-cash items	18.7	0.0	24.2	0.0	42.9
30.06.2021	2.9	1,881.3	7,442.5	0.0	9,326.7

At 30 June 2020

<i>(In € millions)</i>	Cash flow hedge reserve	Undated subordinated notes reclassified in equity	Subordinated debt	Other financing liabilities	TOTAL
31.12.2019	8.1	1,881.3	6,380.7	4.8	8,274.9
Issue	0.0	0.0	750.0	0.0	750.0
Redemption	0.0	0.0	0.0	0.0	0.0
Total cash items	0.0	0.0	750.0	0.0	750.0
Translation adjustments	0.0	0.0	0.0	0.0	0.0
Fair value adjustments	19.5	0.0	(18.4)	0.0	1.1
Changes in scope of consolidation	0.0	0.0	0.0	0.0	0.0
Other movements	2.5	0.0	0.0	0.0	2.5
Total non-cash items	22.1	0.0	(18.4)	0.0	3.6
30.06.2020	30.1	1,881.3	7,112.3	4.8	9,028.6

Reconciliation of cash and cash equivalents reported in the consolidated balance

<i>(In € millions)</i>	30.06.2021	30.06.2020
Cash and cash equivalents (reported in the consolidated balance sheet)	1,394.9	1,697.9
Cash and cash equivalents relating to assets held for sale	0.0	0.0
Operating liabilities due to banks	(154.0)	(48.9)
Securities held for trading	16,622.9	13,401.3
TOTAL (REPORTED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS)	17,863.9	15,050.2

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

- cash and cash equivalents reported in the consolidated balance sheet under assets;
- operating liabilities due to banks corresponding to short-term bank loans and overdrafts other than financing liabilities, reported in the consolidated balance sheet under liabilities;
- securities held for trading, consisting of money market mutual funds reported in the consolidated balance sheet under “insurance investments”.

SIGNIFICANT EVENTS OF FIRST-HALF 2021 AND SUBSEQUENT EVENTS

Note 1 Significant events of first-half 2021

CNP Assurances has signed an agreement with the Aviva Group for the acquisition of certain life insurance businesses in Italy

On 3 March 2021, CNP Assurances signed a binding agreement to acquire Italian life insurance businesses from Aviva.

The transaction concerns the following Aviva Group life businesses in Italy:

- 51% of Aviva S.p.A., a life insurance company in which UniCredit S.p.A. holds 49%.
- 100% of Aviva Life S.p.A., a life insurance company, and Aviva Italia Servizi S.c.a.r.l, which provides business support services to the two insurance companies.

The transaction will also strengthen the partnership between CNP Assurances and UniCredit S.p.A. through Aviva S.p.A., complementing their existing partnership through CNP UniCredit Vita S.p.A.

The acquisition price of €543 million will be financed by CNP Assurances using its own resources. The estimated impact on the Group's SCR coverage ratio will be around 6 points.

The transaction is subject to various conditions precedents, including obtaining the necessary approvals by the competent supervisory and competition authorities.

US\$700 million restricted Tier 1 perpetual notes issue

On 7 April 2021, CNP Assurances completed a US\$700.0 million restricted Tier 1 subordinated notes issue. These perpetual notes bear a 4.875% fixed rate until 7 April 2031.

They feature a principal write-down mechanism together with a mandatory interest cancellation in case of solvency deficiency of CNP Assurances, as required by the Solvency II directive.

The notes were swapped into EUR for a 10-year period providing an effective yield cost to CNP Assurances of 2.852%.

Finalisation of the new exclusive long-term partnership with Caixa Econômica Federal in Brazil for the distribution of consórcio products

On 30 March 2021, the closing transactions set out in the agreement signed on 13 August 2020 with Caixa Econômica Federal and Caixa Seguridade were finalised, in particular the payment of R\$250 million to Caixa Econômica Federal.

A new joint venture has been created. It will be accounted for by CNP Assurances Group by the equity method. Voting rights will be split 50.01% for CNP Assurances and 49.99% for Caixa Seguridade, and economic rights 25% for CNP Assurances and 75% for Caixa Seguridade.

[*Moody's and Fitch Ratings have affirmed CNP Assurances' insurer financial strength ratings*](#)

Note 2 Subsequent events

No significant changes occurred after the end of the interim reporting period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 3 Summary of significant accounting policies

CNP Assurances SA, the parent company of the Group, is a *société anonyme* (public limited company) with a Board of Directors, governed by the French Insurance Code (*Code des assurances*). It has fully paid-up share capital of €686,618,477. 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 accidental injury and health insurance;
- write bodily injury insurance covering accident and health risks;
- hold majority interests in insurance companies.

The consolidated financial statements for the six months ended 30 June 2021 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 28 July 2021.

3.1 Statement of compliance

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

The Group entities all apply Group accounting policies, as presented in these notes. The accounting policies comply with those used to prepare the financial statements for the year ended 31 December 2020, with the exception of the standards, amendments and interpretations listed below, effective for 2021 financial statements.

3.1.1 New accounting standards adopted since 1 January 2021

The amendments to IFRS 9, IAS 39 and IFRS 7 resulting from Phase 2 of the IBOR reform and the amendments to IFRS 4, applicable from 1 January 2021, have no material impact on the consolidated financial statements.

With effect from 1 January 2021, the Group changed the method of accounting for the C3S solidarity tax (contribution sociale de solidarité des sociétés), in order to bring it into line with IFRIC 21 – Levies. The impact of this change in method on opening equity was €17.6 million.

3.1.2 Deferred application of IFRS 9 (IFRS 4 amendment)

The final version of IFRS 9 – Financial Instruments was published on 24 July 2014 and was adopted by the European Union on 22 November 2016. It is effective for accounting periods beginning on or after 1 January 2018.

However, the Group has elected to apply the option of deferring application until 1 January 2023 (see below).

IFRS 9, which replaces IAS 39 – Financial Instruments, sets down accounting principles and disclosure requirements for financial assets and liabilities.

The final version consolidates the three core phases, i.e., classification and measurement, impairment and hedge accounting.

3.1.2.1 Main provisions of IFRS 9

3.1.2.1.1 Classification and measurement

IFRS 9 introduces a standard approach to classification and measurement of financial assets and contains only three classification categories: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

As far as debt instruments are concerned, the assessment is based around two criteria that determine how a financial asset should be classified and measured:

- the business model that the entity uses for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

IFRS 9 introduces two types of business model as follows:

- the financial asset is held within a business model whose objective is to collect the contractual cash flows. If this is the case, the financial asset is measured at amortised cost;
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. If so, the financial asset must be measured at FVTOCI.

All other financial assets must be measured at FVTPL. An entity may designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an inconsistency in valuation methods or accounting treatment (sometimes referred to as an accounting mismatch).

Equity instruments are always measured at FVTPL with the exception of those not held for trading. An entity may 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). Only dividends received from such investments are to be recognised in profit or loss.

IFRS 9 retains the accounting treatment of financial liabilities but adds guidance on certain issues, notably the impact of changes in own credit risk in profit or loss when non-trading financial liabilities are measured at fair value.

3.1.2.1.2 Impairment

IFRS 9 also introduces a new debt instrument impairment model that involves writing off expected credit losses at initial recognition. Under IAS 39, impairment losses were only taken if there was a recognised risk due to the existence of one or more objective indicators of impairment.

Under the new model, assets move through three stages:

- At investment: the entity recognises 12-month expected credit losses and interest income is calculated on the gross carrying amount of the instrument.
- Stage 2: if there has been a significant increase in credit risk since initial recognition, lifetime expected credit losses are recognised, but interest income is still calculated on the gross carrying amount of the asset.
- Stage 3: if a credit event affects the issuer, lifetime expected credit losses are recognised and interest income is calculated on the net carrying amount.

3.1.2.1.3 Hedge accounting

IFRS 9 broadens hedge accounting eligibility criteria in exchange for greater transparency in risk management disclosure.

The new model marks an important change that aligns hedge accounting more closely with risk management and enables entities to disclose these activities more effectively in their financial statements. For example, IFRS 9 allows entities to hedge the risk components of non-financial items and homogeneous groups of items for all types of risk on a net basis.

IFRS 9 changes certain aspects relating to hedging instruments. In particular, changes in the fair value of the time value of an option used as a hedging instrument may be recognised in other comprehensive income (OCI). Eligibility

also extends to the forward element of a forward contract or the foreign currency basis spread, thus reducing volatility in the income statement.

The standard also makes hedge effectiveness testing less rigid. Retrospective and prospective testing (using the 80% to 125% bright line) is replaced by a single prospective test based on three effectiveness requirements: there is “an economic relationship” between the hedged item and the hedging instrument; the effect of credit risk does not “dominate the value changes” that result from that economic relationship; and the hedge ratio is consistent with the entity’s risk management approach.

3.1.2.2 IFRS 9 transition arrangements under the deferral approach

IFRS 9 was adopted on 22 November 2016 for use in the European Union for accounting periods beginning on or after 1 January 2018. However, the Group has deferred application until 2023 as its activities are predominantly related to insurance.

In light of the publication on 12 September 2016 by the IASB of an amendment to IFRS 4 - Insurance Contracts describing how insurance undertakings should apply IFRS 9 in conjunction with IFRS 4. This amendment, which was adopted by the European Commission on 3 November 2017, was issued in response to the need to align first-time adoption of IFRS 9 with that of the new insurance standard (IFRS 17), and provided an optional temporary exemption from applying IFRS 9 until 1 January 2021 (the “deferral approach”). An amendment to IFRS 4 published on 25 June 2020 extends the optional temporary exemption from applying IFRS 9 until 1 January 2023.

All traditional insurance companies have the automatic right to apply the deferral approach.

The IASB has also introduced an option to simplify application of IFRS 9 by allowing associates and joint ventures accounted for by the equity method to continue to prepare their consolidation packages in accordance with IAS 39 if they are not required to adopt IFRS 9 in their separate financial statements. Application of this option enables the Group to continue accounting for financial assets in accordance with IAS 39 until 2023.

CNP Assurances fulfils the eligibility criteria for adopting the deferral approach:

- As of 31 December 2015, its insurance business represented more than the 90% threshold for applying this approach.
- It is accounted for using the equity method in the consolidated financial statements of its three main shareholders which are financial institutions and which apply IFRS 9 as from 2018. As a result, it will not be required to prepare its consolidation package in accordance with IFRS 9.
- The amendment to IFRS 4 requires additional disclosures in the notes during the transition period, concerning the classification of assets and the reporting entity’s exposure to credit risk on assets meeting the criteria in IFRS 9 (assets for which the contractual cash flows consist solely of payments of principal and interest). These disclosures are made on an annual basis.

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

At 30 June 2021, there were no standards or interpretations published by the IASB and approved by the European Union that were not yet in force.

3.1.4 Main standards and interpretations published but not yet approved by the European Union

3.1.4.1 IFRS 17 – Insurance contracts

IFRS 17 – Insurance Contracts was published on 18 May 2017, and an amended version was published on 25 June 2020. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. It replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023 (with comparative information for 2022 to be presented on the same basis).

IFRS 17 will apply to:

- written insurance and reinsurance contracts;
- all reinsurance contracts giving rise to a significant insurance risk;
- investment contracts with a discretionary participation feature.

The new standard requires the insurance component of each contract to be recognised separately from the other components, such as:

- certain embedded derivatives;
- separate investment components;
- other performance obligations, for example a promise to transfer non-insurance goods or services.

These components will be recognised and measured separately in accordance with the standard that would apply to them if they were separate contracts.

When an insurance or reinsurance contract is written, the liability will be measured according to the Building Block Approach (BBA), based on the following blocks:

- discounted present value of future cash flows that relate directly to the fulfilment of the contractual obligations (fulfilment cash flows);
- a risk margin reflecting the uncertainty about the amount and timing of these cash flows;
- a Contractual Service Margin (CSM).

The CSM represents the unearned profit of the group of insurance contracts that the entity will recognise as it provides services in the future. It is included in deferred revenue on the liabilities side of the balance sheet and recognised in income as the services are provided. If the group of insurance contracts is expected to generate a loss, rather than recording a negative CSM the expected loss is recognised immediately in profit or loss when the contracts are written.

A second model – the Variable Fee Approach (VFA) – is applicable to insurance contracts with direct participation features that contain the following conditions:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay the policyholder an amount equal to a substantial share of the fair value of returns from the underlying items;
- a substantial proportion of the cash flows the entity expects to pay to the policyholder are expected to vary in line with changes in the fair value of the underlying items.

In addition to the General Model (BBA), IFRS 17 also includes an optional simplified measurement approach – the Premium Allocation Approach (PAA) – which may be applied to:

- all insurance contracts other than those with direct participation features, provided that the PAA produces a measurement of the liability that would not be materially different from that produced applying the BBA;
- contracts with a short duration (coverage period of one year or less).

For the purpose of applying the PAA, the initial liability corresponds to the premiums received at initial recognition and no CSM is calculated. Acquisition costs may be deferred in assets or recognised as an expense.

Under IFRS 17, insurance liabilities will be measured at a more granular level. Specifically, they will be divided into portfolios, as follows:

- each portfolio will comprise contracts subject to similar risks that are managed together. A portfolio will not contain contracts written more than one year apart;
- each portfolio will be divided into three accounting groups when the contracts are initially recognised, for the calculation and tracking of the contractual service margin (CSM). The groups are as follows:
 - contracts that are onerous at initial recognition;
 - contracts that at initial recognition have no significant possibility of becoming onerous;
 - other contracts.

Application of IFRS 17 will have a significant impact on the Group's consolidated financial statements:

- it will modify the presentation of the balance sheet and the notes;
- the consolidated income statement will be renamed the statement of financial performance and will comprise two key indicators:
 - insurance service result, corresponding to insurance revenue less amortisation of the CSM and the risk adjustment, the experience adjustment (difference between expected claims and expenses and paid claims and expenses) and expenses on onerous contracts,
 - investment income or expense.

- it would also lead to a major reorganisation of management processes, including statutory accounting, account closing, management accounting and internal and external reporting systems;
- actuarial modelling tools would also be affected;
- in addition, the internal organisation of accounting processes will need to be adjusted, with the introduction of new measurement, consolidation and reporting processes.

The effects of applying IFRS 17 are currently being analysed by the Group. IFRS 9 – Financial Assets replaces IAS 39 as from the same dates and the effects of applying these two new standards are being analysed jointly.

IFRS 17 is in the process of being adopted by the European Union. The Group is contributing actively to the review of its implications by the accounting and insurance authorities in France and the European Union.

3.1.4.2 Amendments to the following standards

The amendments to IFRS 3, IAS 16 and IAS 37 published on 14 May 2020 will be applicable from 1 January 2022.

The other published amendments will be applicable from 1 January 2023.

The Group is currently studying the potential impact of the amendments not applicable from 1 January 2021.

3.2 Basis of preparation of the consolidated financial statements

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

They have been prepared according to the cost model, except for (i) insurance assets and liabilities and assets and liabilities related to investment contracts with a discretionary participation feature (DPF) which are measured in accordance with Group accounting policies, and (ii) 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, which are measured using the fair value model.

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, 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 effects 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.

SCOPE OF CONSOLIDATION

Note 4 Scope of consolidation

4.1 Scope of consolidation and associated companies

The consolidated financial statements include the financial statements of subsidiaries, jointly-controlled entities and associates. Other than the regulatory capital requirements of the insurance subsidiaries, the Group does not have any restrictions limiting its access to assets or settling the liabilities of the entities within its scope of consolidation.

Subsidiaries

A subsidiary is an entity controlled by the Company. Control is a function of three elements: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

Power results from existing rights that give the current ability to direct an investee's relevant activities. The rights that confer power may differ depending on the investee's purpose and design, structure, the nature of its relevant activities or the way in which decisions about the investee are taken. It is generally voting or similar rights that give an investor power, either individually or in combination with other arrangements. If contractual arrangements have a bearing on the relevant activities, they need to be analysed to determine whether rights held are sufficient to confer power. In circumstances where it is difficult to determine whether an investor's rights are sufficient to give it power over an investee, it may be necessary to consider evidence of whether it has the practical ability to direct the relevant activities unilaterally.

Exposure or rights to variable returns from involvement with the investee are assessed based on the investor's returns from existing arrangements which have the potential to vary as a result of the investee's performance. An investor assesses whether returns from an investee are variable and how variable those returns are on the basis of the substance of the arrangement and regardless of the legal form of the returns.

Control results not merely from power over the investee and exposure to variable returns, but from the ability to use power over the investee to affect the amount of the investor's returns from its involvement with the investee. Thus, an investor with decision-making rights must determine whether it is acting as a principal or an agent.

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.

Non-controlling interests represent the interests of minority shareholders in the Group's subsidiaries. The materiality of these non-controlling interests is assessed based on the percentage interest in the share capital of the subsidiary, as well as their impact on the consolidated financial statements.

Jointly-controlled entities (joint arrangements)

A jointly-controlled entity is a contractual arrangement whereby the Group and one or more other parties exercise joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. There are two types of joint arrangement:

- joint operations: a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Each joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation and in accordance with the applicable IFRSs;
- joint ventures: a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Each joint venturer recognises its interest in the joint venture as an investment using the equity method.

The consolidated financial statements include the Group's interest in the joint venture, recognised using the equity method, from or up to the date when the Group exercises or ceases to exercise joint control.

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 criteria 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 using 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.

This exemption provided for in paragraph 18 of IAS 28 is used on a case-by-case basis when the value of an investment in a company over which the Group exercises significant influence is determined on the basis of participatory contracts (see Note 9.2).

4.2 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. Non-controlling interests may be measured at fair value (full goodwill method) on a case-by-case basis.

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, unless they concern errors whose correction leads to an adjustment of the purchase price allocation.

4.3 Intragroup transactions

All transactions and balances between fully consolidated companies and all intragroup income and expenses are eliminated in full. Losses resulting from the impairment of an asset transferred in an intragroup transaction are not eliminated.

4.4 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 international operations – mainly international 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 international 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.

4.5 Consolidated companies and percentage of voting rights

Company	Consolidation method	Country / City	Business	30.06.2021		31.12.2020	
				%	%	%	%
				rights	interest	rights	interest
1. Strategic subsidiaries							
CNP Assurances	Full	France / Paris	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Caution	Full	France / Paris	Insurance	100.00%	100.00%	100.00%	100.00%
Arial CNP Assurances	Equity method	France / Mons-en-Baroeul	Insurance	40.00%	40.00%	40.00%	40.00%
MFPrévoyance SA	Full	France / Paris	Insurance	51.00%	65.00%	51.00%	65.00%
Assurance	Equity method	France / Paris	Insurance	66.00%	66.00%	66.00%	66.00%
Filassistance International	Equity method	France / Paris	Insurance	66.00%	66.00%	66.00%	66.00%
CNP Assurances Compañía de Seguros	Full	Argentina / Buenos Aires	Insurance	76.47%	76.47%	76.47%	76.47%
CNP SA de Capitalización y Ahorro p/ fines determinados	Full	Argentina / Buenos Aires	Insurance	65.38%	50.00%	65.38%	50.00%
CNP Assurances Latam Holding Ltda ⁽³⁾	Full	Brazil / Brasilia	Holding co.	100.00%	100.00%	100.00%	100.00%
Caixa Seguros Holding Brasil SA ⁽⁴⁾	Full	Brazil / Brasilia	Holding co.	51.75%	51.75%	51.75%	51.75%
Caixa Participações							
Securitarias Brasil Ltda ⁽⁵⁾	Full	Brazil / Brasilia	Holding co.	100.00%	51.75%	100.00%	51.75%
Caixa Seguradora	Full	Brazil / Brasilia	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Capitalização	Full	Brazil / Brasilia	Savings	51.00%	26.39%	51.00%	26.39%
Caixa Consórcios SA Administradora de Consórcios ⁽⁶⁾	Full	Brazil / Brasilia	Other	100.00%	51.75%	100.00%	51.75%
Caixa Seguros Assessoria e Consultoria Ltda ⁽⁷⁾	Full	Brazil / Brasilia	Other	100.00%	51.75%	100.00%	51.75%
Caixa Seguradora Especializada Em Saúde S/A ⁽⁸⁾	Full	Brazil / São Paulo	Insurance	100.00%	51.75%	100.00%	51.75%
Companhia de Seguros Previdencia Do Sul ⁽⁹⁾	Full	Brazil / São Paulo	Insurance	100.00%	51.75%	100.00%	51.75%
Wiz Soluções e Corretagem de Seguros S.A.	Equity method	Brazil / Brasilia	Brokeratge	25.00%	12.94%	25.00%	12.94%
Odonto Empresas Convênios Dentários Ltda	Full	Brazil / São Paulo	Insurance	100.00%	51.75%	100.00%	51.75%
Caixa Seguros							
Participações em Saúde Ltda ⁽¹⁰⁾	Full	Brazil / Brasilia	Holding co.	100.00%	51.75%	100.00%	51.75%
CNP UniCredit Vita	Full	Italy / Milan	Insurance	57.50%	57.50%	57.50%	57.50%
CNP Partners	Full	Spain / Madrid	Insurance	100.00%	100.00%	100.00%	100.00%
Montparvie V	Full	France / Paris	Holding co.	100.00%	100.00%	100.00%	100.00%
CNP Cyprus Insurance Holdings	Full	Cyprus / Nicosia	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Cyprus Properties	Full	Cyprus / Nicosia	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Cyprus Tower Ltd	Full	Cyprus / Nicosia	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Zois	Full	Greece / Athens	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Praktoriaki	Full	Greece / Athens	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Cyprialife	Full	Cyprus / Nicosia	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Asfalistiki	Full	Cyprus / Nicosia	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Luxembourg	Full	Luxembourg	Insurance	100.00%	100.00%	100.00%	100.00%
CNP Santander Insurance Life Ltd	Full	Ireland / Dublin	Insurance	51.00%	51.00%	51.00%	51.00%
CNP Santander Insurance Europe Ltd	Full	Ireland / Dublin	Insurance	51.00%	51.00%	51.00%	51.00%
CNP Santander Insurance Services Ireland Ltd	Full	Ireland / Dublin	Insurance	51.00%	51.00%	51.00%	51.00%
CNP Europe Life	Full	Ireland / Dublin	Insurance	100.00%	100.00%	100.00%	100.00%
Sogestop K	Full	France / Paris	Holding co.	100.00%	100.00%	100.00%	100.00%

Company	Consolidation method	Country / City	Business	30.06.2021		31.12.2020	
				%	%	%	%
				rights	interest	rights	interest
Holding XS 1 SA	Full	Brazil/ Brasilia	Holding co.	51.00%	40.00%	51.00%	40.00%
XS5 Administradora de consorcios S.A. ⁽¹⁾	Equity method	Brazil/ Brasilia	Other	50.01%	25.00%		
XS2 Vida e Previdência SA	Full	Brazil/ Brasilia	Insurance	100.00%	40.00%	100.00%	40.00%
Caixa Vida e Previdência	Full	Brazil/ Brasilia	Insurance	100.00%	40.00%	100.00%	40.00%
CNP Assurances Participações Ltda	Full	Brazil / Brasilia	Holding co.	100.00%	100.00%	100.00%	100.00%

2. Mutual funds

Univers CNP 1 FCP	Full	France / Paris	Mutual fund	100.00%	100.00%	100.00%	100.00%
CNP OSTRUM ISR OBLI 12 MOIS	Full	France / Paris	Mutual fund	99.00%	99.00%	100.00%	100.00%
CNP Assur Trésorerie Plus	Full	France / Paris	Mutual fund	98.13%	98.13%	98.13%	98.13%
Ecureuil Profil 90	Full	France / Paris	Mutual fund	56.97%	56.97%	56.83%	56.83%
Vivaccio ISR actions	Full	France / Paris	Mutual fund	100.00%	100.00%	100.00%	100.00%
OPCVM Caixa Seguradora SA	Full	Brazil / Brasilia	Mutual fund	100.00%	51.75%	100.00%	51.75%
OPCVM Caixa Capitalização SA	Full	Brazil / Brasilia	Mutual fund	100.00%	26.39%	100.00%	26.39%
OPCVM Caixa Vida e Previdência	Full	Brazil / Brasilia	Mutual fund	100.00%	40.00%	100.00%	40.00%
OPCVM Caixa Consórcios	Full	Brazil / Brasilia	Mutual fund	100.00%	51.75%	100.00%	51.75%
OPCVM Holding Caixa Seguros Holding SA	Full	Brazil / Brasilia	Mutual fund	100.00%	51.75%	100.00%	51.75%

Company	Consolidation method	Country / City	Business	30.06.2021		31.12.2020	
				%	%	%	%
				rights	interest	rights	interest

3. Property companies and others

AEP3 SCI	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
CIMO	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
AEP4 SCI	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
SICAC	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
CNP Immobilier	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
Issy Coeur de Ville (ICV) ⁽²⁾	Full	France / Paris	Real estate	100.00%	100.00%		
Assurimmeuble	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
OPCI MTP Invest	Full	France / Paris	Real estate	100.00%	99.70%	100.00%	99.70%
OPCI AEW Imcom 1	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
OPCI AEP247	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
LBP Actifs Immo	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
SAS Alleray	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
OPCI Raspail	Full	France / Paris	Real estate	100.00%	99.85%	100.00%	99.85%
Outlet Invest	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
Fundo De Investimento Imobiliario Renda Corporativa Angico - FII ⁽¹¹⁾	Full	Brazil/ São Paulo	Real estate	100.00%	42.47%	100.00%	42.47%
Assurbaill Patrimoine	Full	France / Paris	Real estate	100.00%	100.00%	100.00%	100.00%
Ecureuil Vie Développement	Equity method	France / Paris	Brokerage	49.00%	49.00%	49.00%	49.00%
Coentreprise de Transport d'Electricité ⁽¹²⁾	JV	France / Paris	Energy	20.00%	20.00%	20.00%	20.00%
Infra-Invest	Full	Luxembourg	Infrastructure	100.00%	100.00%	100.00%	100.00%
Holding d'Infrastructures Gazières	Equity method	France / Paris	Energy	54.41%	54.41%	54.41%	54.41%

(1) XS5 Administradora de Consórcios S.A., owned by CNP Assurances, has been consolidated for the first time at 30 June 2021.

(2) Issy Cœur de Ville, owned by CNP Assurances, has been consolidated for the first time at 30 June 2021.

(3) CNP Holding Brasil has been renamed CNP Assurances Latam Holding Ltda.

(4) Caixa Seguros Holding SA has been renamed Caixa Seguros Holding Brasil SA.

(5) Caixa Seguros Participações Securitárias Ltda has been renamed Caixa Participações Securitárias Brasil Ltda.

(6) Caixa Consórcios has been renamed Caixa Consórcios SA Administradora de Consórcios.

(7) Caixa Assessoria e Consultoria has been renamed Caixa Seguros Assessoria e Consultoria Ltda.

(8) Caixa Saúde has been renamed Caixa Seguradora Especializada Em Saúde S/A.

(9) Previsul has been renamed Companhia de Seguros Previdencia Do Sul.

(10) Holding Caixa Seguros Participações em Saúde Ltda has been renamed Caixa Seguros Participações em Saúde Ltda.

(11) OPCFI Renda Corporativa Angico has been renamed Fundo De Investimento Imobiliario Renda Corporativa Angico - FII.

(12) The investment in Coentreprise de Transport d'Electricité (CTE) is mainly in representation of participatory contracts. For this reason, the Group has chosen to use the exemption from applying the equity method provided for in paragraph 18 of IAS 28 and to measure the CTE shares at fair value through profit or loss.

4.6 Average number of employees of consolidated companies

<i>(Headcount)</i>	30.06.2021	31/12/2020
Management-grade	2,744	2,313
Non-management-grade	2,685	2,805
Average headcount	5,429	5,118

* The material change for the period reflects the integration of the employees of CNP TI GIE, an internal IT services company.

The above headcount does not include the headcount of the companies consolidated by equity method.

ANALYSIS OF THE MAIN COMPONENTS OF THE BALANCE SHEET

Note 5 Equity

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 5.4).

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 the consolidated level.

At 30 June 2021, the insurance subsidiaries and the Group as a whole complied with these minimum capital requirements.

Compliance with these requirements is regularly monitored, primarily through the Own Risk and Solvency Assessments (ORSA) conducted at Group level and at the level of the insurance subsidiaries in accordance with Solvency II. This information and the solvency capital calculations are reported to France's insurance supervisor (*Autorité de Contrôle Prudentiel et de Résolution – ACPR*).

Treasury shares

The Group may acquire treasury shares 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 16.2.2). Treasury shares are recorded as a deduction from equity in the IFRS accounts.

5.1 Ownership structure

Shareholder	Number of shares	% interest
La Banque Postale (1)	431,489,340	62.84%
BPCE	110,590,585	16.11%
Total shares held in concert	542,079,925	78.95%
Private investors	144,538,552	21.05%
of which: CNP Assurances (treasury shares) [*]	474,470	0.07%
TOTAL	686,618,477	100.00%

⁽¹⁾ 42.70%-owned directly and 20.15%-owned indirectly through the SF2 holding company.

5.2 Number of shares

Issued capital	Ordinary shares	
	30.06.2021	31.12.2020
Number of shares outstanding at the beginning of the period	686,618,477	686,618,477
Shares issued during the period	0	0
Number of shares outstanding at the end of the period	686,618,477	686,618,477

5.3 Basic and diluted earnings per share

(In € millions)	30.06.2021	30.06.2020
Profit attributable to owners of the parent	690.0	628.7
Charge on deeply-subordinated notes, net of tax	(21.3)	(20.7)
Profit attributable to ordinary shares	668.8	608.1
Number of ordinary shares at 1 January	686,618,477.0	686,618,477.0
New shares (weighted number)	0.0	0.0
Weighted average number of shares at end of reporting period	686,618,477.0	686,618,477.0
Treasury shares	(437,894.5)	(696,961.8)
Weighted average number of shares at end of reporting period	686,180,582.5	685,921,515.2
Impact of instruments with a potential dilution impact	0.0	0.0
Diluted profit attributable to ordinary shares (in euros per share)	0.97	0.89

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.

5.4 Undated subordinated notes reclassified in equity

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.

		30.06.2021		
(In € millions)	Issuance date	Interest rate	Currency	Amount
Deeply subordinated notes (attributable to owners of the parent)				1,881.3
CNP Assurances	June 2004	Tec 10 +10 bps, capped at 9%	€	300.0
	March 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	€	225.0
	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	23.8
	June 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 (including 100 bps step-up at call date)	€	160.0
	December 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	€	108.0
	November 2014	4% until November 2024, then reset at the 5-year fixed swap rate +410 bps	€	493.6
	June 2018	4.75% until 2028 then reset at the 5-year fixed swap rate +391.4 bps	€	496.0
TOTAL				1,881.3

		31.12.2020		
(In € millions)	Issuance date	Interest rate	Currency	Amount
Deeply subordinated notes (attributable to owners of the parent)				1,881.3
CNP Assurances	June 2004	Tec 10 +10 bps, capped at 9%	€	300.0
	March 2005	6.50% until March 2008, then 3% +22.5% times 10-year EUR CMS	€	225.0
	March 2005	6.25% until 2009, then 4 times (10-year EUR CMS – 2-year EUR CMS), 9% cap and 2.75% floor	€	23.8
	June 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 (including 100 bps step-up at call date)	€	160.0
	December 2006	3-month Euribor +95 bps until 20 December 2026, then 3-month Euribor +195 bps	€	108.0
	November 2014	4% until November 2024, then reset at the 5-year fixed swap rate +410 bps	€	493.6
	June 2018	4.75% until 2028 then reset at the 5-year fixed swap rate +391.4 bps	€	496.0
TOTAL				1,881.3

Note 6 Intangible assets

6.1 Intangible assets by category

(In € millions)	30.06.2021				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	606.2	0.0	(409.4)	0.0	196.8
Value of In-Force business	329.4	(159.5)	(158.8)	0.0	11.2
Distribution agreements	3,676.0	(193.6)	0.0	0.0	3,482.4
Software	398.5	(284.8)	0.0	0.0	113.7
Internally-developed software	162.1	(100.4)	0.0	0.0	61.7
Other software	236.4	(184.4)	0.0	0.0	52.0
Other	22.3	(13.3)	(0.1)	0.0	9.0
TOTAL	5,032.5	(651.2)	(568.3)	0.0	3,813.0

(In € millions)	31.12.2020				
	Cost	Amortisation	Impairment	Reversals	Carrying amount
Goodwill	597.1	0.0	(408.2)	0.0	188.9
Value of In-Force business	325.6	(154.6)	(158.8)	0.0	12.2
Distribution agreements	3,434.2	(118.1)	0.0	0.0	3,316.1
Software	379.1	(267.7)	0.0	0.0	111.4
Internally-developed software	155.6	(95.0)	0.0	0.0	60.6
Other software	223.6	(172.7)	0.0	0.0	50.8
Other	22.1	(13.2)	(0.1)	0.0	8.8
TOTAL	4,758.2	(553.6)	(567.1)	0.0	3,637.5

6.2 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 method;
- included in investments accounted for using the equity method when it arises on the acquisition of an entity accounted for using 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 an international 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 CGU 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. Projected future revenues are estimated by taking the embedded Value of In-Force insurance policies and financial instruments, and the Value of 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 weighted average cost of capital. The terminal values of subsidiaries do not assume growth to infinity.

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

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

Internal indicators:

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

External indicators:

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

6.2.1 Goodwill by company

<i>(In € millions)</i>	Original goodwill	Net goodwill at 30.06.2021	Net goodwill at 31.12.2020
Caixa Seguros Group	389.9	107.6	99.7
CNP UniCredit Vita	366.5	0.0	0.0
CNP Partners	7.2	0.0	0.0
CNP Cyprus Insurance holdings	81.6	34.8	34.8
CNP Santander Insurance	54.4	54.4	54.4
TOTAL	899.6	196.8	188.9

6.2.2 Changes in goodwill for the period

(In € millions)	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	188.9	229.9
Goodwill recognised during the period	0.0	0.0
Adjustments to provisional accounting	0.0	0.0
Translation adjustment on gross goodwill *	7.9	(41.0)
Other movements	0.0	0.0
Impairment losses recognised during the period	0.0	0.0
Translation adjustment on movements during the period	0.0	0.0
Increase in interest rates	0.0	0.0
Carrying amount at the end of the period	196.8	188.9

* Translation adjustments on gross goodwill concern the Brazilian companies Caixa Seguradora and Previsul.

6.3 Value of In-Force business and distribution agreements

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 In-Force business") representing the difference between the fair value of these contracts and the amount described above.

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

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.

6.3.1 Value of In-Force business

(In € millions)	Original value	Carrying amount at 30.06.2021	Carrying amount at 31.12.2020
Caixa Seguros Group	123.5	1.2	1.2
CNP UniCredit Vita	175.3	0.0	0.0
CNP Partners	24.0	1.8	2.3
CNP Assurances Compañía de Seguros	0.9	0.0	0.0
CNP Cyprus Insurance holdings	44.4	7.6	8.0
MFPrévoyance SA	8.3	0.0	0.0
CNP Santander Insurance	14.7	0.6	0.8
TOTAL	391.0	11.2	12.2

6.3.2 Changes in the Value of In-Force business

(In € millions)	30.06.2021	31/12/2020
Gross amount at the beginning of the period	325.6	345.3
Newly-consolidated companies	0.0	0.0
Translation adjustments	3.8	(19.6)
Acquisitions for the period	0.0	0.0
Disposals for the period	0.0	0.0
Other movements	0.0	0.0
Gross amount at the end of the period	329.4	325.6
Accumulated amortisation and impairment at the beginning of the period	(313.4)	(328.9)
Translation adjustments	(3.7)	19.1
Amortisation for the period	(1.1)	(3.6)
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
Other movements	0.0	0.0
Accumulated amortisation and impairment at the end of the period	(318.2)	(313.4)
CARRYING AMOUNT AT THE END OF THE PERIOD	11.2	12.2

6.3.3 Distribution agreements

(In € millions)	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	3,316.1	290.6
Acquisitions for the period	0.0	3,045.2
Amortisation for the period	(69.4)	(19.6)
Impairment losses recognised during the period	0.0	0.0
Translation adjustments	235.7	(0.1)
Other movements	0.0	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	3,482.4	3,316.1

Acquisitions at 31 December 2020 correspond to the renewed agreement with Caixa Econômica Federal (CEF) covering the distribution in Brazil of life insurance, consumer credit life insurance and private pension plans. For recognition purposes, the distribution agreements have been valued at €3,045 million, of which €1,218 million is attributable to the Group. The intangible asset is being amortised by the straight-line method over the life of the agreement, i.e., 25 years.

In accordance with IFRS, at the end of each reporting period, the Group assesses whether there is any indication that the asset may be impaired. If any such indication exists, the asset's estimated recoverable amount is then calculated.

6.4 Software and other intangible assets

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 periods of between five and eight years.

6.4.1 Internally-developed software

<i>(In € millions)</i>	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	60.6	52.0
Acquisitions for the period	9.9	25.2
Amortisation for the period	(7.2)	(11.8)
Disposals for the period *	(1.6)	(4.8)
Translation adjustments	0.0	0.0
Other movements	0.0	0.0
CARRYING AMOUNT AT THE END OF THE PERIOD	61.7	60.6

* Disposals also include assets scrapped during the year

6.4.2 Other software and other intangible assets

<i>(In € millions)</i>	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	59.7	84.0
Newly-consolidated companies	0.0	0.0
Acquisitions for the period	6.8	16.5
Amortisation for the period	(7.8)	(20.6)
Disposals for the period *	(0.7)	(7.3)
Translation adjustments	2.4	(17.1)
Other movements	0.6	4.2
CARRYING AMOUNT AT THE END OF THE PERIOD	61.0	59.7

* Disposals also include assets scrapped during the year

Note 7 Owner-occupied property and other property and equipment

The Group has elected to measure owner-occupied property using the cost model, as allowed by IAS 16.

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

Borrowing costs are included in the cost of the asset when they are directly attributable to acquisition or construction and are 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 owner-occupied 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

In accordance with IAS 36, owner-occupied properties are tested for impairment at the level of the cash-generating unit to which they belong and are therefore excluded from the scope of impairment tests on investment property.

Other property and equipment

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

They are recognised at cost and depreciated over their estimated useful lives. Office systems equipment is depreciated over three years and fixtures, fittings and technical installations over ten years.

Owner-occupied property (In € millions)	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	103.5	118.6
Acquisitions (1)	237.6	0.5
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	0.0	0.0
Depreciation for the period	(1.2)	(3.4)
Impairment losses recognised during the period	0.0	0.0
Impairment losses reversed during the period	0.0	0.2
Translation adjustments	2.3	(12.8)
Other movements	0.0	0.3
CARRYING AMOUNT AT THE END OF THE PERIOD	342.2	103.5

(1) Acquisition in progress of the Group's future Issy-Coeur de Ville headquarters building for €237.3 million.

Other property and equipment (In € millions)	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	48.9	56.8
Acquisitions for the period	3.3	26.6
Depreciation for the period	(8.9)	(20.4)
Disposals for the period	(0.2)	(6.0)
Translation adjustments	0.4	(3.2)
Other movements	(0.6)	(4.9)
CARRYING AMOUNT AT THE END OF THE PERIOD	42.9	48.9

Note 8 Insurance investments

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 the Group's Brazilian subsidiary;
- 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 9.2) 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 9.2) 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.

Mutual funds and non-trading property companies are fully consolidated (in accordance with IFRS 10) or accounted for by the equity method (in accordance with IAS 28). The level of control of mutual funds is assessed separately for each fund based on the following criteria:

- the relationship between the principal and the agent;
- the Group's power over the fund manager;
- the Group's exposure to variable returns, as assessed by applying a specific threshold.

Non-controlling interests in fully consolidated mutual funds are reported on a separate line of the consolidated balance sheet, "Liabilities towards holders of units in controlled mutual funds". Units in mutual funds are measured using the fund's most recently published net asset value. The underlying financial assets are reported in the consolidated balance sheet under "Insurance investments" based on their contribution to the fund's net asset value.

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 International Swaps and Derivatives Association (ISDA), 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 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 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 impairment loss is reversed in profit or loss.

Structured entities

CNP Assurances' business involves investing in different types of financial assets both in policyholder and own-fund portfolios as part of asset allocation and financial risk diversification strategies.

Under IFRS 12, structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. In the Group's case, mutual funds and asset-backed security funds fulfil the criteria for classification as structured entities.

Details of CNP Assurances' investments in non-consolidated structured entities are disclosed in Note 8.2.4 of the annual financial statements, in compliance with paragraph 26 of IFRS 12 (*"An entity shall disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed."*)

8.1 Investment 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 property using the cost model (see Note 7 for details), as allowed by IAS 40, 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 ACPR. 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.

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.

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 amounts 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 an international transaction 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.

Carrying amount of investment property (In € millions)	30.06.2021	31.12.2020
Investment property measured by the cost model		
Gross value	922.6	961.2
Accumulated depreciation	(257.8)	(251.4)
Accumulated impairment losses	(5.8)	(4.0)
Carrying amount	659.1	705.7
Investment property measured by the fair value model		
Gross value	1,807.6	1,705.2
TOTAL INVESTMENT PROPERTY	2,466.7	2,411.0

Investment property at amortised cost (In € millions)	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	705.7	734.4
Acquisitions	26.2	16.5
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(62.0)	(16.3)
Depreciation for the period	(10.5)	(21.8)
Impairment losses recognised during the period	(1.8)	(0.2)
Impairment losses reversed during the period	0.0	0.8
Translation adjustments	1.4	(8.1)
Other movements	0.0	0.4
CARRYING AMOUNT AT THE END OF THE PERIOD	659.1	705.7

Investment property measured by the fair value model (In € millions)	30.06.2021	31.12.2020
Carrying amount at the beginning of the period	1,705.2	1,580.8
Acquisitions	113.4	171.4
Post-acquisition costs included in the carrying amount of property	0.0	0.0
Properties acquired through business combinations	0.0	0.0
Disposals	(13.3)	(12.8)
Net gains arising from remeasurement at fair value	2.3	(29.7)
Translation adjustments	0.0	0.0
Other movements	0.0	(4.5)
CARRYING AMOUNT AT THE END OF THE PERIOD	1,807.6	1,705.2

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 Investments by category

The following tables show the fair value of securities held by the Group, by category and intended holding period.

8.2.1 Investments at 30 June 2021

(In € millions)		30.06.2021		31.12.2020	
		Impairment	Carrying amount	Impairment	Carrying amount
Assets at fair value through profit or loss	Fixed-rate bonds		11,172.4		11,405.5
	Variable-rate bonds		23,783.7		21,433.0
	TCNs (money market securities)		858.1		1,007.6
	Equities		6,068.2		5,616.5
	Investment funds		51,774.2		46,624.2
	Shares in non-trading property companies		1,717.7		1,725.5
	Other (including lent securities and repos)		3,308.0		3,120.9
	Total		98,682.3		90,933.2
Derivative instruments	Derivative instruments (positive fair value)		543.2		530.6
	Derivative instruments (negative fair value)		(999.6)		(912.3)
	Total		(456.3)		(381.7)
Available-for-sale financial assets	Fixed-rate bonds	(5.9)	169,939.8	(5.9)	176,321.9
	Variable-rate bonds	(16.1)	19,970.0	(16.1)	19,017.4
	TCNs (money market securities)	0.0	3,298.2	0.0	4,150.1
	Equities	(1,774.2)	20,261.5	(1,940.8)	17,958.0
	Investment funds	(454.7)	52,833.1	(422.2)	52,050.2
	Shares in non-trading property companies	(497.7)	11,183.2	(456.7)	11,113.0
	Non-voting loan stock	(5.8)	427.0	(5.8)	402.5
	Other (including lent securities and repos)	0.0	24,111.9	0.0	24,691.7
Total	(2,754.3)	302,024.6	(2,847.4)	305,704.9	
Held-to-maturity investments	Fixed-rate bonds		0.0		21.4
	Variable-rate bonds		76.4		123.2
	Other (including lent securities and repos)		0.0		0.0
	Total		76.4		144.6
Loans and receivables	Loans and receivables	(17.1)	4,944.6	(17.1)	5,123.1
	Total	(17.1)	4,944.6	(17.1)	5,123.1
Investment property	Investment property at amortised cost	(5.8)	659.1	(4.0)	705.7
	Investment property measured by the fair value model		1,807.6		1,705.2
	Total	(5.8)	2,466.7	(4.0)	2,411.0
TOTAL		(2,777.2)	407,738.2	(2,868.5)	403,935.0

Traditional savings and unit-linked portfolios at fair value through profit or loss at 30 June 2021

(In € millions)	Carrying amount		Total
	Unit-linked	Traditional savings	
Fixed-rate bonds	5,999.6	5,172.8	11,172.4
Variable-rate bonds	17,727.5	6,056.3	23,783.7
TCNs (money market securities)	0.0	858.1	858.1
Equities	1,229.0	4,839.1	6,068.2
Investment funds	41,960.1	9,814.1	51,774.2
Shares in non-trading property companies and investment property ⁽¹⁾	3,484.1	41.2	3,525.3
Other	3,142.0	166.0	3,308.0
TOTAL	73,542.2	26,947.7	100,489.9

⁽¹⁾ Investment properties and shares in non-trading property companies are reported together in an amount of €1,807.6 million. Derivative instruments with a positive fair value are recorded as assets and those with a negative fair value are recorded as liabilities.

Traditional savings and unit-linked portfolios at fair value through profit or loss at 31 December 2020

(In € millions)	Carrying amount		Total
	Unit-linked	Traditional savings	
Fixed-rate bonds	6,426.1	4,979.4	11,405.5
Variable-rate bonds	14,995.5	6,437.4	21,433.0
TCNs (money market securities)	0.0	1,007.6	1,007.6
Equities	1,052.8	4,563.7	5,616.5
Investment funds	38,122.6	8,501.6	46,624.2
Shares in non-trading property companies and investment property ⁽¹⁾	3,389.6	41.1	3,430.7
Other	3,018.4	102.5	3,120.9
TOTAL	67,005.0	25,633.4	92,638.4

⁽¹⁾ Investment properties and shares in non-trading property companies are reported together in an amount of €1,705.2 million. Derivative instruments with a positive fair value are recorded as assets and those with a negative fair value are recorded as liabilities.

8.2.2 Reconciliation of insurance investments in the balance sheet to investments analysed in Note 8.2.1

(In € millions)	30.06.2021	31/12/2020
Analysis of investments	407,738.2	403,935.0
Balance sheet – Liabilities – Derivative instruments (negative fair value)	(999.6)	(912.3)
Balance sheet – Assets – Insurance investments	408,737.8	404,847.3
VARIANCE	0.0	0.0

8.3 Measurement of assets recognised 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 one or more of the following indicators is observed: a sharp fall in the number of transactions, a major 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 or 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 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 and other indices. 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 Banks methodologies for pricing financial instruments.

The prices established by the counterparties are obtained in principle every month, in particular following the signature of a liquidity letter. The valuations communicated by the counterparties correspond to an economic value of the securities.

The CNP Assurances Group verifies the reliability of these data from an evaluation whenever possible (estimated future cash flows for example) or questions counterparties as to the methodologies used if necessary. The values of the counterparties examined so far have been confirmed by the CNP Assurances Group, which ensures both the quality of the counterparty valuation methods and the quality of the ratings of the issues and the absence of a credit incident.

Fair value hierarchies

Financial instruments are classified in three categories based on the fair value hierarchy, as follows:

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 fund 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 listed on an organised market.

Level 2: financial instruments measured by standard valuation techniques using mainly observable inputs.

These include:

- certain structured products measured using a valuation model and market parameters;
- derivative instruments purchased over-the-counter that are measured using a valuation model and mainly market parameters;
- TCN money-market securities other than BTANs that are no longer listed and are measured based on the zero coupon price curve plus a spread;
- investment property measured based on prices recorded for similar recent transactions or the rental value of equivalent-type properties;
- any other over-the-counter financial instruments.

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 uses valuations of its complex products prepared internally, or by an external valuer, acting as a delegate. They include structured products and derivative instruments used for hedging purposes. Due to their complexity, the valuation process involves using sophisticated models and methods, generally based on a probabilistic approach.

Overall, these two product categories are valued using market models and the market data required for each model at the calculation date (see table below).

Structured products	Models/Methods
Interest-rate linked structured notes	4-Factor Libor Market Model (LMM) Hybrid Equity Black-FX Model Hull-White One-Factor Model
Equity linked structured notes	Dupire model Heston model Dupire hybrid equation - Hull-White One-Factor Model
Inflation-indexed complex structured products	Jarrow-Yildirim model

Asset class	Financial instruments	Models/Methods
Interest rate derivatives	Interest rate swaps	Future cash flows discounted using bi-curve model
	Swaps with an embedded option	Black model
	Caps/floors	SABR smile model Hull-White One-Factor Model (stochastic volatility) CMS replication
Inflation derivatives	Inflation swap	Black model SABR smile model
		CDS options
Credit derivatives	Floors	Heston model calibrated across the SX5E's entire implicit volatility surface and Black-Scholes using historical volatility for the EMTXGC and QW1M funds
Equity derivatives	CAC and SX5E puts	Black-Scholes model with volatility surface developed based on option prices quoted on Bloomberg
Currency derivatives	JPY swaps (with currency option at each swaplet)	FX Basket (FXBA) model with Black-Scholes (Reuters volatilities)
Funds	Fund options (Quattro)	Black Basket model with historical volatility

Level 3: financial instruments measured using mainly unobservable inputs (heuristic data, statistical data, etc.). 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.

This category includes CNP Assurances' investments in unlisted companies and certain asset-backed securities.

Unlisted securities are measured using information not available on an active market. The main valuation techniques are the market multiples method, comparisons with recent market transactions and the discounted dividends method, corresponding to the techniques commonly used to manage these instruments.

In addition, some complex structured securities and for which valuation is obtained through the counterparty are classified in this category.

8.3.1 Valuation methods at 30 June 2021

<i>(In € millions)</i>	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 *	89,193.1	8,063.7	1,968.7	99,225.5
Available-for-sale financial assets	272,355.8	17,558.4	12,110.4	302,024.6
TOTAL FINANCIAL ASSETS	361,548.9	25,622.1	14,079.1	401,250.1
Investment property at amortised cost	0.0	1,749.5	0.0	1,749.5
Investment property measured by the fair value model	0.0	1,807.6	0.0	1,807.6
TOTAL INVESTMENT PROPERTY	27.0	3,530.2	0.0	3,557.2
Financial liabilities at fair value through profit or loss				0.0
Financial liabilities – financial instruments without DPF (excluding unit-linked)	539.1	0.0	0.0	539.1
Financial liabilities (linked liabilities) – financial instruments without DPF	3,493.6	0.0	0.0	3,493.6
Derivative financial instruments (liabilities)	0.0	999.6	0.0	999.6
TOTAL FINANCIAL LIABILITIES	4,032.7	999.6	0.0	5,032.3

* Includes derivative financial instruments (assets).

8.3.2 Valuation methods at 31 December 2020

<i>(In € millions)</i>	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 *	81,123.1	8,236.9	2,103.7	91,463.8
Available-for-sale financial assets	276,752.5	17,946.5	11,005.9	305,704.9
TOTAL FINANCIAL ASSETS	357,875.6	26,183.4	13,109.6	397,168.6
Investment property at amortised cost	0.0	1,733.3	0.0	1,733.3
Investment property measured by the fair value model	0.0	1,705.2	0.0	1,705.2
TOTAL INVESTMENT PROPERTY	0.0	3,438.5	0.0	3,438.5
Financial liabilities at fair value through profit or loss				0.0
Financial liabilities – financial instruments without DPF (excluding unit-linked)	494.1	0.0	0.0	494.1
Financial liabilities (linked liabilities) – financial instruments without DPF	3,439.0	0.0	0.0	3,439.0
Derivative financial instruments (liabilities)	0.0	912.3	0.0	912.3
TOTAL FINANCIAL LIABILITIES	3,933.1	912.3	0.0	4,845.4

* Includes derivative financial instruments (assets).

The Group's derivative instruments are collateralised and the counterparty risk is therefore limited. In addition, the credit value adjustment ("CVA") is not material, due to the nature of the Group's forward financial instruments and the calculation base.

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

(in € millions)	30.06.2021												
	Opening carrying amount	New consolidated companies	Acquisition	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at fair value 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	2,103.7	0.0	82.0	(8.1)	16.5	(118.6)	(46.7)	0.0	0.0	(60.1)	0.0	0.0	1,968.7
Available-for-sale financial assets	11,005.9	0.0	1,734.9	(536.6)	3.6	(300.9)	0.0	(155.5)	394.9	0.0	(36.5)	0.7	12,110.4
TOTAL FINANCIAL ASSETS	13,109.6	0.0	1,816.9	(544.6)	20.0	(419.6)	(46.7)	(155.5)	394.9	(60.1)	(36.5)	0.7	14,079.1
Investment property at fair value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment property at amortised cost	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INVESTMENT PROPERTY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0

(in € millions)	31.12.2020												
	Opening carrying amount	New consolidated companies	Acquisition	Maturity	Transfers to category 3 (additions)	Transfers from category 3 (disposals)	Impact of sales of securities at fair value 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	2,315.4		64.7	(16.5)	0.0	(249.4)	(14.4)	0.0	0.0	3.9	0.0	0.0	2,103.7
Available-for-sale financial assets	9,382.6	600.6	2,996.4	(366.1)	150.8	(547.5)	0.0	(932.7)	(263.3)	0.0	(11.5)	(3.4)	11,005.9
TOTAL FINANCIAL ASSETS	11,698.0	600.6	3,061.1	(382.6)	150.8	(796.9)	(14.4)	(932.7)	(263.3)	3.9	(11.5)	(3.4)	13,109.6
Investment property at fair value	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment property at amortised cost	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INVESTMENT PROPERTY	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0

8.4 Derivative instruments

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

- 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”);
- 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
- 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.

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

<i>(in € millions)</i>	30.06.2021											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in more than 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	12.8	(44.4)	7.0	(364.5)	22.6	(230.8)	0.0	(96.4)	58.8	(165.6)	101.2	(901.7)
Cap/floor	1.3	(17.6)	59.2	0.0	76.3	0.0	5.1	0.0	0.0	0.0	141.9	(17.6)
Equity	66.2	(16.3)	228.8	(63.7)	5.3	0.0	0.0	0.0	0.0	(0.3)	300.2	(80.3)
Total	80.2	(78.3)	295.0	(428.2)	104.1	(230.8)	5.1	(96.4)	58.8	(165.9)	543.2	(999.6)

<i>(in € millions)</i>	31.12.2020											
	Due within 1 year		Due in 1 to 5 years		Due in 6 to 10 years		Due in 11 to 15 years		Due in more than 15 years		Total	
	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-	FV+	FV-
Swap	2.7	(46.0)	12.0	(269.0)	12.3	(267.8)	0.0	(82.8)	67.7	(170.1)	94.7	(835.7)
Cap/floor	0.0	0.0	9.7	0.0	24.0	0.0	2.7	0.0	0.0	0.0	36.4	0.0
Equity	89.5	(13.9)	302.1	(62.7)	7.9	0.0	0.0	0.0	0.0	0.0	399.5	(76.6)
Total	92.1	(59.8)	323.9	(331.7)	44.2	(267.8)	2.7	(82.8)	67.7	(170.1)	530.6	(912.3)

8.5 Derivative instruments qualifying for 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.

For all hedging instruments, the Group (i) documents the hedging relationship and the risk management objective and strategy for undertaking the hedge, and (ii) assesses 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 as follows:

(In € millions)	Currency derivatives	
	30.06.2021	31/12/2020
Notional amount	1,359.5	741.2
Cash flow hedge reserve	18.7	(23.9)
Change in cash flow hedge reserve during the period	55.7	(76.3)
Cash flow hedge reserve recycled through profit or loss during the period	(29.9)	56.5
Deferred taxes	(7.2)	(4.2)

Derivatives designated as hedging instruments comprise currency swaps and purchased currency options.

a. Currency swaps

Derivatives designated as hedging instruments consist of three currency swaps hedging the impact of exchange rate fluctuations on:

- annual interest payments on three subordinated notes issues denominated in foreign currency;
- the issue-date and redemption-date nominal amounts of each of these issues.

The transactions concerned are as follows:

- The first is on sterling-denominated subordinated notes issued in 2011 and hedges interest payments on the notes through to 30 September 2021 against fluctuations in the sterling-euro exchange rate.
- The second is on US dollar-denominated subordinated notes issued in January 2016 and hedges interest payments on the notes through to 22 January 2029 against fluctuations in the dollar-euro exchange rate.
- The third is on US dollar-denominated subordinated notes issued on 7 April 2021 and hedges payments on the notes through to 7 April 2031 against fluctuations in the dollar-euro exchange rate.

These derivatives are eligible for cash flow hedge accounting, as described below. No amount was recognised in profit or loss for any ineffective portion of the hedges at 30 June 2021 or 31 December 2020.

b. Purchased currency options

At 30 June 2021, the Group no longer held any purchased currency options qualifying for hedge accounting.

8.6 Credit risk

8.6.1 Analysis of the bond portfolio at 30 June 2021 by issuer rating

Rating (In € millions)	Bond portfolio at fair value	%
AAA	13 371,3	5,3%
AA	118 248,5	46,7%
A	52 163,0	20,6%
BBB	47 340,0	18,7%
Non-investment grade	18 997,5	7,5%
Not rated	2 833,8	1,1%
TOTAL	252 954,1	100,0%

8.6.2 Analysis of the bond portfolio at 31 December 2020 by issuer rating

Rating (In € millions)	Bond portfolio at fair value	%
AAA	15,576.7	6.0%
AA	121,848.6	47.2%
A	51,565.2	20.0%
BBB	49,281.6	19.1%
Non-investment grade	17,319.3	6.7%
Not rated	2,686.1	1.0%
TOTAL	258,277.5	100.0%

8.7 Classification of sovereign debt by issuer country

List of countries (for information)	30.06.2021			31.12.2020		
	Gross exposure – carrying amount ⁽¹⁾	Gross exposure – fair value	Net exposure – fair value	Gross exposure – carrying amount ⁽¹⁾	Gross exposure – fair value	Net exposure – fair value
France	80,856.8	88,350.1	8,120.4	78,073.1	89,384.4	8,189.2
Brazil	16,787.7	16,780.0	1,407.0	14,231.8	14,343.5	1,386.0
Spain	10,191.5	11,158.5	1,278.1	9,697.1	10,964.3	1,261.2
Belgium	8,108.6	8,603.6	730.8	8,087.4	8,936.6	772.8
Italy	7,493.3	8,376.6	568.8	7,729.3	8,771.6	597.1
Germany	3,984.8	4,324.2	276.2	4,035.2	4,519.3	276.8
Austria	2,279.0	2,353.0	103.3	1,993.5	2,093.5	80.9
Canada	467.7	494.5	58.3	468.1	501.2	59.1
Poland	346.7	369.5	79.5	347.4	375.4	79.9
Portugal	303.1	336.7	79.7	457.9	499.2	64.6
Netherlands	130.0	145.3	12.8	170.3	188.3	14.5
Ireland	119.3	123.3	20.3	295.6	303.0	35.1
Cyprus	97.7	106.2	53.1	66.6	74.0	51.8
Finland	82.5	87.2	5.2	82.4	91.8	7.3
United States	84.9	75.1	0.1	102.3	91.0	0.1
Australia	56.6	54.5	3.8	2.7	2.1	0.0
New Zealand	49.1	51.0	8.6	49.3	51.7	8.7
Greece	6.8	11.3	0.0	6.8	11.3	0.0
Other	6,410.9	6,889.2	769.7	6,775.1	7,453.7	910.4
TOTAL	137,856.8	148,689.8	13,575.5	132,671.7	148,656.0	13,795.6

⁽¹⁾ Cost net of amortisation and impairment, including accrued interest

At 30 June 2021, the Group's gross sovereign debt risk exposure calculated on a fair value basis totalled €148.7 billion, representing an estimated exposure net of deferred participation and deferred taxes of €13.6 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 as well as the exclusion of assets held to cover linked liabilities. 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 Note 9.2). The relatively low weighting of contracts with a

guaranteed yield 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 9.1% ratio of "net exposure" to "gross exposure" therefore reflects the deferred tax impact (factor of approximately 70.5% corresponding to the impact of the weighted average tax rate on the Group's entities) and a deferred participation impact (13.0% factor, supplementing the effective participation rate taking into account the exclusion of assets held in unit-linked funds, which corresponds to shareholders' entitlements to unrealised gains or losses).

The combination of these two impacts (taxes and deferred participation) results in a net to gross exposure ratio of 9.1% (70.5% multiplied by 13.0%).

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 Group's ability to lower the discretionary participation it pays to policyholders. In France, the estimated minimum guaranteed interest rate was approximately 0.17% at 30 June 2020 for a projected DPF rate of around 0.94% at 31 December 2020;
- unrealised gains, especially on property (€4.8 billion) and on equities (€16.0 billion). These amounts would be taken into account when testing any deferred participation assets for recoverability.

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

Note 9 Insurance and Financial Liabilities

9.1 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:

- IFRS 15, 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.

9.2 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 expenses 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 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. In the case of group policies that include death insurance, the recognised amount is adjusted to include the estimated earned portion of premiums not yet written.

Technical and mathematical reserves

Reserves for contracts with death cover include the portion of premiums written but not earned during the reporting period.

Mathematical reserves for traditional savings contracts correspond to the difference between the present value of the respective commitments of the Group and the policyholder.

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

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

The general contract administration expense reserve mentioned in Article R. 343-3.4 of the French Insurance Code is designed to cover the insurer's commitment to administer its policies for as long as they remain in force. It is determined by the method and using the assumptions specified in Article 142 6 of ANC Regulation 2015-11.

The reserve corresponds to a prospective estimate of contract administration expenses that will not be covered by the premium and investment income loading. It is calculated by group of contracts with similar characteristics, based mainly on policyholder profiles, contract terms and experience-based assumptions concerning, for example, costs, surrenders and investment income. The estimation process includes a financial assessment of the options affecting administration expenses for certain contracts.

At 30 June 2021, the general administration expense reserve for savings and pensions contracts amounted to €281.7 million.

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 reserves.

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

An outstanding claims 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.

The escalating risks reserve for term creditor insurance business amounted to €263.9 million at 30 June 2021. This reserve is calculated prospectively and covers the difference between the present values of the respective future commitments of the insurer and the insured. The calculation uses regulatory valuation rates of interest and takes into account experience-based biometric risk assumptions (incidence of death and disability risk, and/or disability persistency risk) and behavioural assumptions (surrenders) based on historical data for the portfolio concerned.

The escalating risks reserve for lifetime long-term care contracts totalled €435.3 million at 30 June 2021. This reserve also covers the difference between the present values of the respective future commitments of the insurer and the insured. The calculation takes into account experience-based biometric risk assumptions (incidence of long-term care risk and persistency risk) based on historical data for the portfolio concerned, regulatory mortality tables and a discount rate determined by reference to the structure of the asset portfolio held to cover these commitments.

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 (IBNR).

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

In drawing up its annual and interim financial statements, 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.), administrative costs and decisions made by management in response to economic and financial conditions. 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 In-Force business 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 at the level of 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.

9.3 Financial instruments without DPF (IAS 39)

Financial instruments without DPF are initially recorded at fair value. Loading on premiums is 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.

9.4 Deferred participation asset/reserve

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

There are two types of deferred participation:

9.4.1 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.

9.4.2 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 9.2.

9.5 Analysis of insurance and financial liabilities at 30 June 2021

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

<i>(In € millions)</i>	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	8,128.2	7,619.8	508.4
Unearned premium reserves	1,070.8	1,053.0	17.8
Outstanding claims reserves	5,491.4	5,068.6	422.8
Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities)	25.9	25.3	0.7
Other technical reserves	1,540.1	1,472.9	67.2
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	231,508.6	214,371.7	17,137.0
Unearned premium reserves	1,979.6	1,976.4	3.2
Life premium reserves	218,039.8	201,395.9	16,643.9
Outstanding claims reserves	3,311.2	3,041.6	269.6
Policyholder surplus reserves	7,817.8	7,606.2	211.6
Other technical reserves	360.2	351.6	8.6
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	108,906.1	105,653.9	3,252.2
Life premium reserves	99,209.7	96,223.9	2,985.8
Outstanding claims reserves	2,440.6	2,329.8	110.8
Policyholder surplus reserves	7,255.8	7,100.2	155.5
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	4,032.7	3,773.6	259.1
Derivative financial instruments separated from the host contract	0.0	0.0	0.0
Deferred participation reserve	29,899.8	29,899.8	0.0
Total insurance and financial liabilities	382,475.4	361,318.8	21,156.7
Deferred participation asset	0.0	0.0	0.0

9.6 Analysis of insurance and financial liabilities at 31 December 2020

<i>(In € millions)</i>	Before reinsurance	Net of reinsurance	Reinsurance
Non-life technical reserves	7,999.0	7,516.3	482.6
Unearned premium reserves	953.8	935.0	18.8
Outstanding claims reserves	5,303.3	4,908.8	394.5
Bonuses and rebates (including claims equalisation reserve on group business maintained in liabilities)	37.0	32.5	4.6
Other technical reserves	1,704.8	1,640.0	64.8
Liability adequacy test reserves	0.0	0.0	0.0
Life technical reserves	221,197.4	203,985.7	17,211.6
Unearned premium reserves	1,899.4	1,896.7	2.7
Life premium reserves	209,015.0	192,169.4	16,845.7
Outstanding claims reserves	3,117.2	2,945.2	172.0
Policyholder surplus reserves	6,823.2	6,640.4	182.8
Other technical reserves	342.5	334.0	8.5
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments with DPF	112,381.3	109,237.6	3,143.7
Life premium reserves	103,141.2	100,236.0	2,905.1
Outstanding claims reserves	2,367.7	2,275.3	92.3
Policyholder surplus reserves	6,872.4	6,726.2	146.2
Other technical reserves	0.0	0.0	0.0
Liability adequacy test reserves	0.0	0.0	0.0
Financial instruments without DPF	3,933.1	3,688.5	244.6
Derivative financial instruments separated from the host contract	0.0	0.0	0.0
Deferred participation reserve	31,587.0	31,587.0	0.0
Total insurance and financial liabilities	377,097.7	356,015.1	21,082.6
Deferred participation asset	0.0	0.0	0.0

Note 10 Insurance and reinsurance receivables

This note discloses details of insurance and reinsurance receivables at 30 June 2021 and 31 December 2020.

<i>(In € millions)</i>	30.06.2021	31.12.2020
Earned premiums not yet written	4,307.3	1,770.9
Other insurance receivables	1,404.1	692.1
Reinsurance receivables	80.7	161.4
Total	5,792.1	2,624.5
Of which, doubtful receivables	4.6	5.7

Note 11 Liabilities arising from insurance and reinsurance transactions

This note discloses details of insurance and reinsurance liabilities at 31 June 2021 and at 31 December 2020.

<i>(In € millions)</i>	30.06.2021	31.12.2020
Cash deposits received from reinsurers	11,287.9	11,369.1
Liabilities arising from insurance transactions	3,907.6	1,361.2
Liabilities arising from reinsurance transactions	651.2	531.7
Deferred acquisition costs	5.9	8.2
Total	15,852.6	13,270.1

ANALYSIS OF THE MAIN COMPONENTS OF THE INCOME STATEMENT

Note 12 Premium income

Premium income comprises:

- earned premiums;
- loading on premiums on financial instruments without DPF (IAS 39), reported under “Revenue from other activities”.

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 IFRS 15, 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.

12.1 Earned premiums and revenue from other activities

Business segment and contract type (In € millions)	30.06.2021	30.06.2020
Insurance contracts	13,833.0	10,029.3
· Life	12,550.3	8,694.2
Pure premiums	11,742.0	8,020.6
Loading	808.3	673.6
· Non-life	1,282.7	1,335.1
Pure premiums	866.1	964.7
Loading	416.6	370.5
Financial instruments with DPF	2,440.0	1,443.0
Pure premiums	2,427.7	1,430.7
Loading	12.3	12.3
Earned premiums	16,273.1	11,472.3

Revenue from other activities (In € millions)	30.06.2021	30.06.2020
Financial instruments without DPF	13.2	23.4
Premium loading on financial instruments without DPF (IAS 39)	9.8	19.5
Loading on technical reserves for financial instruments without DPF	3.4	3.9
IFRS 15	36.0	37.8
Other activities	1.3	2.4
Total	50.5	63.6

12.2 Reconciliation to reported premium income

<i>(In € millions)</i>	30.06.2021	30/06/2020
Earned premiums	16,273.1	11,472.3
Premium loading on financial instruments without DPF (IAS 39)	9.8	19.5
Total	16,282.9	11,491.8

12.3 Premium income by partner

<i>(In € millions)</i>	30.06.2021	30/06/2020
La Banque Postale	3,977.9	2,699.5
BPCE	3,270.4	2,144.5
CNP Patrimoine	1,737.2	666.6
Companies and local authorities	768.2	769.4
Financial institutions	522.9	557.8
Mutual insurers	246.3	241.6
Amétis	132.8	81.9
International subsidiaries	5,609.6	4,307.1
Other	17.7	23.3
Total premium income	16,282.9	11,491.8

12.4 Premium income by business segment

<i>(In € millions)</i>	30.06.2021	30/06/2020
Savings	10,225.4	6,354.2
Pensions	2,940.0	1,960.6
Personal Risk	746.9	783.2
Term creditor insurance	2,041.6	2,001.1
Health insurance	177.9	223.6
Property & Casualty	151.0	169.1
Sub-total Personal Risk and other	3,117.4	3,177.1
Other business segments	0.0	0.0
Total premium income	16,282.9	11,491.8

12.5 Premium income by company

<i>(In € millions)</i>	30.06.2021	30/06/2020
CNP Assurances	10,584.4	7,098.3
Caixa Seguros Group	2,984.9	2,163.1
CNP UniCredit Vita	1,762.6	1,339.9
CNP Santander Insurance Group	372.5	385.1
CNP Luxembourg	247.2	230.8
CNP Partners	119.3	69.5
CNP Cyprus Insurance Group	91.6	86.5
MFPPrévoyance SA	68.0	65.5
CNP Caution	44.0	43.3
CNP Assurances Compañía de Seguros	8.5	9.7
Total premium income	16,282.9	11,491.8

12.6 Premium income by country

<i>(in € millions)</i>	Under IFRS	
	30.06.2021	30/06/2020
France	10,673.2	7,184.7
Brazil	2,984.9	2,163.1
Italy	1,891.7	1,421.2
Luxembourg	247.2	230.8
Germany	229.8	234.4
Cyprus	89.9	84.8
Spain	70.7	69.6
Poland	40.4	45.6
Norway	11.7	11.0
Austria	10.8	12.6
Denmark	9.9	10.8
Argentina	8.5	9.7
Portugal	1.4	2.1
Other	12.8	11.4
Total premium income	16,282.9	11,491.8

12.7 Direct and inward reinsurance premiums

<i>(In € millions)</i>	30.06.2021	30/06/2020
Direct business premiums	14,798.9	10,568.1
Inward reinsurance premiums	1,484.0	923.7
Total premium income	16,282.9	11,491.8

Note 13 Investment income

13.1 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 first-half 2021 and first-half 2020.

<i>(In € millions)</i>		30.06.2021	30/06/2020
Available-for-sale financial assets	Income from debt securities	77.5	69.4
	Interest income	1,936.4	2,297.2
	Income from other financial assets	1,002.9	762.8
	Capital gains and losses on disposals	407.2	440.3
	Impairment	89.8	(150.3)
	Net income from available-for-sale financial assets	3,513.8	3,419.3
Held-to-maturity investments	Income from debt securities	0.0	0.0
	Interest income	19.6	11.4
	Other income & charges	0.0	0.0
	Impairment	0.0	0.0
	Net income from held-to-maturity investments	19.6	11.4
Loans and receivables	Interest income	36.5	24.9
	Other income	(0.5)	(0.5)
	Impairment	0.0	0.0
	Net income from loans and receivables	36.0	24.4
Financial assets at fair value through profit or loss	Profit (loss) on securities held for trading	4,164.6	(2,733.1)
	Profit (loss) on derivative instruments held for trading and hedging	(325.9)	365.0
	Capital gains and losses on disposals	74.1	31.6
	Net income (expense) from financial assets at fair value through profit or loss	3,912.8	(2,336.4)
Investment property	Rent and other revenue	28.1	32.1
	Fair value adjustments	11.0	(0.5)
	Capital gains and losses on disposals	(14.0)	34.1
	Net income from investment property	25.1	65.7
	Other investment expenses	(130.2)	(147.9)
	Dilution gain	0.0	0.0
	Total investment income	7,377.1	1,036.6
	Interest on subordinated debt at amortised cost	(126.4)	(131.1)
	Interest on subordinated debt at fair value	0.0	0.0
	Finance costs - Cash flow hedges	6.0	3.3
	Total finance costs	(120.4)	(127.8)
	Total investment income net of finance costs	7,256.7	908.8

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

<i>(in € millions)</i>	30.06.2021	30/06/2020
Investment income before finance costs	7,377.1	1,036.6
Finance costs	(120.4)	(127.8)
TOTAL	7,256.7	908.8

13.2 Impairment

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

<i>(In € millions)</i>	30.06.2021	30.06.2020
Available-for-sale financial assets	(126.3)	(261.1)
Fixed-rate bonds	0.0	(0.3)
Variable-rate bonds	0.0	0.0
TCNs (money market securities)	0.0	0.0
Equities	(35.2)	(118.1)
Equity investment funds	(0.4)	(61.2)
Non-voting loan stock	0.0	(0.7)
Other (including mutual fund units)	(90.7)	(80.8)
Held-to-maturity investments	0.0	0.0
Loans and receivables	0.0	0.0
Total impairment expense	(126.3)	(261.1)
Available-for-sale financial assets	219.4	110.8
Fixed-rate bonds	0.0	0.0
Variable-rate bonds	0.0	0.0
TCNs (money market securities)	0.0	0.0
Equities	201.8	69.0
Equity investment funds	3.6	4.2
Non-voting loan stock	0.0	0.0
Other (including mutual fund units)	14.0	37.7
Held-to-maturity investments	0.0	0.0
Loans and receivables	0.0	0.0
Total impairment reversals	219.4	110.8
Net change in impairment provisions	93.1	(150.3)

Note 14 Income tax expense

French tax group

CNP Assurances and its main French subsidiaries have elected to file a consolidated tax return under French group relief rules. The main companies in the tax group are CNP Assurances and its subsidiaries CNP Caution, CICOGE SA (property investment company), Âge d'Or Expansion, SAS THEEMIM, AEP 3, AEP 4, Assur-immeuble, Pyramides 2, Ecureuil Vie Investment, 270 Investment, US Real Estate EVJ, US Real Estate 270, Pial 34, Passage du Faidherbe, Alleray, Yellowalto, FPIP, Lyfe, Sogestop K, Foncière HID, Pierre et Surene, 23-25 Marignan, 36 Marbeuf, 46 Kleber, 46 Kleber Holding, Infra Invest France, Neuilly Pilot, Ybry pont Neuilly, Geosud, Friedensallee, Quality Insurance Services France, Quality Insurance Services Group, Youse Home, Montparvie IV, Montparvie V, Montparvie VII and Paris Le Square 8 Propco.

The companies in the tax group have signed agreements with CNP Assurances, which is liable towards the French Treasury for the payment of the tax due by the tax group. These agreements specify how the total tax liability is allocated among the tax group members, and stipulate that any unallocated balance will be borne by CNP Assurances.

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. In accordance with IAS 12, a deferred tax liability is recognised for all taxable temporary differences between the carrying amount and tax base of investments in subsidiaries, associates and branches and interests in joint arrangements, except where the following conditions are met:

- CNP Assurances, as the parent, investor, joint venturer or joint operator is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference 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.

The following table discloses the main components of income tax expense.

<i>(In € millions)</i>	30.06.2021	30/06/2020
Current tax	353.2	351.0
Deferred tax	17.8	61.1
Income tax expense	371.0	412.1
Profit for the period	801.4	770.3
Tax rate	31.64%	34.85%
Income tax expense	371.0	412.1

Note 15 Segment information

15.1 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. The choice of geographical segmentation is based on a multi-criteria organisation linked to the Group's strategic priorities (geography, activities, networks) and the allocation of goodwill to mainly geographical cash-generating units. It has been adopted in order to present geographic segments as the Group's operating segments based on the definitions in IFRS 8 paragraphs 8 and 10.

The three geographic segments are:

- France;
- Latin America;
- Europe excluding France.

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

- premium income and revenue from other activities: earned premiums and revenue from other activities, including non-controlling interests and ceded premiums. Premium income and revenue from other activities is an indicator of underwriting volume is an indicator of underwriting volume;
- total revenue: net insurance revenue plus revenue from own fund portfolios, including non-controlling interests but net of ceded premiums. It is the margin before deducting administrative expenses;
- net insurance revenue: sum of insurance loading, underwriting results and reinsurance results, net of commission paid to distribution partners, including non-controlling interests but net of ceded premiums. It is the margin generated by the insurance business before deducting administrative costs;
- general expenses: general administrative expenses and policy administration expenses excluding commissions paid to distributors. The calculation base includes non-controlling interests;
- earnings before interest and taxes (EBIT): attributable net profit before finance costs, income tax expense, non-controlling and equity-accounted interests, fair value adjustments and net gains (losses), non-recurring items. This indicator includes non-controlling interests and is gross of income tax expense. It is the margin generated by the insurance business after deducting administrative costs.
- underlying attributable profit: attributable net profit before income tax expense, non-recurring items, fair value adjustments and net gains (losses). This indicator is calculated net of non-controlling interests and is gross of income tax expense. It is the margin after finance costs and non-controlling and equity-accounted interests.

15.2 Income statement by business segment at 30 June 2021

(In € millions)	France	Latin America	Europe excl. France	Total IFRS
Premium income *	10,673.2	2,993.4	2,616.2	16,282.9
Total revenue	1,412.9	395.9	166.0	1,974.7
Administrative expenses	(304.9)	(59.8)	(63.1)	(427.8)
EBIT	1,108.0	336.1	102.8	1,546.9
Finance costs				(120.3)
Share of profits and losses of equity-accounted companies				4.7
Non-controlling interests				(232.9)
Recurring profit attributable to owners of the parent				1,198.4
Income tax expense				(335.7)
Fair value adjustments and amortisation of intangible assets				(16.9)
Non-recurring items				(155.8)
Profit attributable to owners of the parent				690.0

* A reconciliation of earned premiums to premium income is presented in Note 12.

RECONCILIATION OF EBIT TO OPERATING PROFIT

(In € millions)	30.06.2021
EBIT	1,546.9
Fair value adjustments and amortisation of intangible assets	(41.3)
Non-recurring items	(217.6)
Transactions with equity-accounted entities	(20.1)
Operating profit	1,267.9

15.3 Income statement by business segment at 30 June 2020

<i>(In € millions)</i>	France	Latin America	Europe excl. France	Total IFRS
Premium income *	7,184.7	2,172.8	2,134.3	11,491.8
Total revenue	1,270.2	491.7	153.0	1,914.9
Administrative expenses	(283.2)	(74.7)	(63.1)	(421.1)
EBIT	986.9	416.9	90.0	1,493.8
Finance costs				(127.8)
Share of profits and losses of equity-accounted companies				6.6
Non-controlling interests				(236.0)
Recurring profit attributable to owners of the parent				1,136.7
Income tax expense				(353.1)
Fair value adjustments and amortisation of intangible assets				(14.9)
Non-recurring items				(139.9)
Profit attributable to owners of the parent				628.7

* A reconciliation of earned premiums to premium income is presented in Note 12.

RECONCILIATION OF EBIT TO OPERATING PROFIT

<i>(In € millions)</i>	30/06/2020
EBIT	1,493.8
Fair value adjustments and amortisation of intangible assets	(7.2)
Non-recurring items	(183.0)
Transactions with equity-accounted entities	(18.8)
Operating profit	1,284.8

*Segment information in the income statement for first-half 2020 has been adjusted as follows:

- realised gains on available-for-sale assets are now distinguished from other market effects, and are presented in EBIT;
- amortisation of intangible assets is now presented below EBIT.

OTHER SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

Note 16 Other significant accounting policies

16.1 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, the last available exchange rate for the month preceding the transaction date 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 8.5.

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.

16.2 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.

Short-term benefits are benefits that are expected to be settled in full within 12 months of the end of the annual reporting period in which the employees render the related services. They therefore consist mainly of wages, social security contributions, profit-sharing and bonuses, paid annual leave and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services).

16.2.1 Employee benefit plans

Time-savings accounts and employee retirement savings plans

A time-savings account system has been set up for CNP Assurances' employees, entitling them to save up their rights to paid leave or to monetise these rights immediately or at a future date.

Internal agreements stipulate that rights accumulated in the time-savings account may be credited to a PERCO employee retirement savings plan and qualify for a matching employer contribution.

Post-employment benefits

Post-employment benefits include:

- (a) pension plans;
- (b) other post-employment benefits.

They are classified as defined contribution or defined benefit plans based on their main terms.

Defined benefit pension plan

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.

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 recognises gains and losses on post-employment defined benefit plans directly in equity. Actuarial gains and losses on other long-term 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.

16.2.2 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.

16.3 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 expenses 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.

16.4 Application of IAS 29

Argentina has been qualified as a hyperinflationary economy since 1 July 2018.

As a result, IAS 29 – Financial Reporting in Hyperinflationary Economies, requires the financial statements of entities whose functional currency is the Argentine peso to be restated.

CNP Assurances has two subsidiaries in Argentina, CNP Assurances Compañía de Seguros and CNP SA de Capitalización, whose functional currency is the Argentine peso.

The analysis of the impacts related to the application of this standard enables the Group to ensure that its accounting policies do not need to be modified.

Note 17 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 18 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 €210.8 million in dividends from subsidiaries during the period, including €104.8 million from its Brazilian subsidiaries.

Based on the IAS 24 definition, the Group's direct or indirect shareholders who have control or exercise significant influence, their subsidiaries and joint ventures and the companies over which they exercise significant influence are all related parties.

Commissions correspond to revenue received by BPCE and La Banque Postale on the sale of products managed by CNP Assurances, for €832.2 million in first-half 2021.

The list of subsidiaries, associates and joint ventures is provided in Note 4.