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**2023**

## **SFCR report**

Solvency and Financial  
Condition Report

**CNP Assurances, solo**





## Foreword

This Solvency and Financial Condition Report (SFCR) has been prepared in accordance with the public disclosure requirements of Articles 51 to 56 and 256 of Directive 2009/138/EC of the European Parliament and of the Council dated 25 November 2009 and the implementing rules contained in the Delegated Regulation dated 17 January 2015.

This report discloses the information referred to in Articles 292 to 298 of the Delegated Regulation and follows the structure set out in the Delegated Regulation's Annex 20.

It is a solo SFCR that addresses the operations of CNP Assurances SA only, without consolidating the operations of its main subsidiaries in France and abroad. In this report, these subsidiaries are treated as strategic investments without analysing their insurance commitments or their investment portfolios. In the rest of this report, unless otherwise stated, "CNP Assurances" refers to the legal entity CNP Assurances SA.

This document covers the reference period from 1 January 2023 to 31 December 2023.

The report includes an executive summary, five sections (business and performance, system of governance, risk profile, valuation for solvency purposes and capital management) and a set of quantitative reports in the appendix.

This 2023 report was approved by CNP Assurances' Board of Directors at its meeting on 22 March 2024.

It has also been submitted to France's insurance supervisor (Autorité de Contrôle Prudentiel et de Résolution – ACPR).

A glossary of key terms is provided at the end of this document

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# Executive summary

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As a responsible insurer and long-term investor, CNP Assurances supports and protects individuals at all stages of their lives. Its solutions allow its customers to cope with uncertainties or finance projects. The Group's expertise in personal insurance includes personal risk insurance, term credit insurance, long-term care and health insurance, as well as savings with life insurance policies and supplementary pension solutions. CNP Assurances is one of the leaders in this segment, which accounts for 72.3%\* of the insurance market in France.

CNP Assurances is also present in property and casualty insurance (fire, accidents and miscellaneous risks), particularly in Brazil and Cyprus. The operation with La Banque Postale and the creation of the holding company, CNP Assurances, will allow the Group to expand its activities to property insurance in France.

CNP Assurances manages policyholders' risks by pooling them and invests the proceeds from their premiums over time. Its investment horizon reflects this: long-term government debt, major national infrastructure projects (electricity transmission, fibre optic and water distribution networks, for example), and equities and bonds in companies covering a wide range of regions and sectors. Driven by its socially-responsible vocation, CNP Assurances selects and manages its assets according to environmental, social and governance (ESG) criteria. This strategy is driven by its commitment to increasing the positive impact of its investments on society and the planet and reducing its adverse impacts. It applies an exclusion policy for companies involved in coal, oil, gas, tobacco and weapons, and ensures respect for human rights and gender equality in the companies in which it invests.

CNP Assurances is France's leading provider of term creditor insurance<sup>1</sup>, the country's second largest life insurer<sup>2</sup>, and the third largest insurance company in Brazil<sup>3</sup>.

## Key figures

	2023	2022	Change
Revenue <sup>4</sup> of CNP Assurances and its subsidiaries	€20.2bn	€18.6bn	9%
Insurance margin of CNP Assurances and its subsidiaries	€3.37bn	n/a	-
Attributable net profit of CNP Assurances Group and its subsidiaries	€1,717m	€1,171m	47%
Technical reserves (gross of reinsurance) <sup>5</sup>	€270.4bn	€261.4bn	3%
Eligible own funds covering the SCR	€35.9bn	€36.9bn	-3%
SCR	€13.3bn	€13.9bn	-4%
SCR coverage ratio	270%	266%	4 pts
Eligible own funds covering the MCR	€31.7bn	€33.3bn	-5%
MCR	€6.0bn	€6.2bn	-4%
MCR coverage ratio	530%	532%	-2 pts

## Business and performance

Marie-Aude Thépaut, Chief Executive Officer of CNP Assurances, said: "CNP Assurances posted strong growth thanks to its performance in France and the diversification of our business model. This diversification demonstrates the robustness of our strategy in absorbing cyclical impacts. In a complex business environment, CNP Assurances is

<sup>1</sup> Positioning by player on the basis of premiums received (gross of reinsurance) in France, Argus de l'assurance "2022 classification of loan insurance: bancassurers (2021 figures in €m)", September 2022.

<sup>2</sup> Source: 2021 data, FFA, June 2022.

<sup>3</sup> Source: SUSEP (Brazilian insurance supervisor), November 2021.

<sup>4</sup> Revenue is a non-GAAP indicator

<sup>5</sup> Based on Solvency II measurement principles.

adapting to changes in the market and is pursuing its growth policy by reaffirming its role as a responsible insurer at the service of its stakeholders."

CNP Assurances Holding, established on 11 April 2023, includes CNP Assurances SA and La Banque Postale's four insurance subsidiaries (renamed CNP Assurances IARD, CNP Assurances Santé, CNP Assurances Prévoyance and CNP Assurances Conseil). This entity is wholly owned by La Banque Postale.

This operation follows the creation of the major public financial centre, initiated in 2018 with the integration of La Poste and Caisse des Dépôts on the one hand, and La Banque Postale and CNP Assurances on the other.

The purpose of this integration was to:

- Roll out a "full" bancassurance model (personal and property insurance) through a single insurance vector, CNP Assurances, within La Banque Postale, and accelerate insurance take-up in all customer segments
- Expand CNP Assurances' multi-partnership model to the activities of the subsidiaries of La Banque Postale's insurance division, in particular property and casualty insurance, with CNP Assurances becoming a property and personal insurer serving customers and society as a whole

CNP Assurances reaffirmed the three pillars of its strategy in 2023, in particular:

- Developing growth drivers and diversification: by taking advantage of the strength of the partnership with La Banque Postale, developing the high-end and social protection segments and activating additional growth drivers in Europe and Latin America
- Strengthening our fundamentals: by adapting the individual savings/pensions model to the interest rate environment and sustainability issues, consolidating our positions in term creditor insurance, optimising our industrial model and strengthening our partnership with Caixa Econômica Federal
- Transforming our model: by strengthening our uniqueness, as defined in our corporate mission, pushing the limits of insurability and developing our very high added value model so as to be indispensable in our partners' value chain

## System of governance

CNP Assurances' governance is organised around the Board of Directors, which determines the overall strategy and oversees its implementation, the Chief Executive Officer and the Executive Committee, whose members include the Deputy Chief Executive Officers and nine other senior executives.

The holders of the four key functions (Risk Management, Compliance, Actuarial and Internal Audit) report to the Chief Executive Officer.

The process of continuous improvement of risk management and internal control systems is carried out in cooperation with partner networks. CNP Assurances considers that these systems are appropriate for its business model.

With regard to the governance system, 2023 and the start of 2024 saw:

- The appointment of Marie-Aude Thépaut, previously Head of the Europe excluding France business unit, as Chief Executive Officer of CNP Assurances and Chairwoman of CNP Assurances Holding
- The appointment of two new members of the Executive Committee of CNP Assurances: Josselin Kalifa, Chief Risk Officer and Marie Rouen, Group Human Resources Director
- the appointment of Jean-Baptiste Nessi, CFO of CNP UniCredit Vita, as CEO of CNP UniCredit Vita to replace Tanguy Carré
- the appointment of Marco Passafiume Alfier as CEO of CNP Vita Assicura and CNP Vita Assicurazione, Italian subsidiaries of the CNP Assurances Group, to replace Tanguy Carré

- the appointment of Maximiliano Villanueva, as Head of the Latin America business unit and member of the Executive Committee, to replace Asma Baccar
- the appointment of François Tritz, as Head of CNP Seguradora

## Risk profile

CNP Assurances' risk profile shows that the Group's primary exposure is to market risk (52% of the SCR), which accounts for more than half of the Solvency Capital Requirement (SCR). However, its broad and diverse range of products has a significant diversification effect. In all, diversification benefits are estimated at 26%.

The Group is particularly sensitive to risks related to changes in interest rates and redemption risk and the value of shares on the stock markets. Accordingly, for several years, CNP Assurances has implemented a hedging programme aimed at limiting the impact of a decline in share prices. In 2023, market movements were favourable, contributing 28 points to the coverage ratio. With regard to real estate risk, a series of rises in key interest rates throughout 2023 delayed decisions on real estate investments. The monitoring of redemption risk was enhanced in Italy in light of the rise in redemption rates over the period due to competition from government bond issues.

## Valuation of assets and liabilities

Assets and liabilities in CNP Assurances' Solvency II balance sheet are measured in accordance with valuation and reserving policies approved by the Board of Directors. The main methods and assumptions used for the valuations are presented in section D.

Where appropriate, assets are measured at their value in the IFRS balance sheet audited each year by the Statutory Auditors.

Solvency II technical reserves gross of reinsurance amounted to €270.4 billion at 31 December 2023.

## Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) coverage ratios

Efficient capital management is essential to ensure that CNP Assurances' capital requirements are met. For this reason, as part of the annual ORSA strategic planning process, a five-year medium-term capital management plan is prepared each year and is submitted to the Board of Directors.

CNP Assurances' Solvency II own funds eligible for inclusion in the SCR coverage ratio, based on the Solvency II balance sheet, amounted to €35.9 billion at 31 December 2023. The total included €27.8 billion in basic own funds, classified as unrestricted Tier 1 capital, and €8.1 billion in subordinated liabilities (of which a portion is covered by the grandfathering clause).

The €27.8 billion in basic own funds notably includes part of the policyholders' surplus reserve, in accordance with the calculation method recommended by the insurance supervisor (ACPR) pursuant to the Ministerial Order on life insurance companies' surplus own funds published in the Journal Officiel dated 28 December 2019, which applies to all organisations governed by France's Insurance Code. The portion of the policyholders' surplus reserve eligible for inclusion in solvency capital at 31 December 2023 was calculated by the flat rate method recommended by the ACPR.

CNP Assurances' Solvency Capital Requirement, calculated using the Solvency II standard formula, was €13.3 billion at 31 December 2023.

CNP Assurances' SCR coverage ratio at the same date was 270% (up 4 points compared with 2022). SCR ratio calculations take into account the volatility adjustment provided for in the Solvency II Directive (Article 77 (5)), which had a 15-point positive impact on the ratio at 31 December 2023 versus a +10-point positive impact at end-2022.



CNP Assurances' Solvency II own funds eligible for inclusion in the MCR coverage ratio, based on the Solvency II balance sheet, amounted to €31.7 billion at 31 December 2023. The total included €27.8 billion in basic own funds classified as unrestricted Tier 1 capital and €3.8 billion in subordinated liabilities.

CNP Assurances' Minimum Capital Requirement was €6.0 billion at 31 December 2023.

The Group's MCR coverage ratio at that date was therefore 530%, down 2 points on the previous year.



A

**Business &  
performance**

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# A1 Business review

## 1. General information

### Name, headquarters, Trade and Companies Registry number and APE business identifier code

CNP Assurances  
4, promenade Coeur de Ville  
92130 Issy-les-Moulineaux  
Registration no. 341 737 062 RCS Paris – APE code: 6511 Z

### Legal form

CNP Assurances is a French public limited company (société anonyme) created in its current legal form by French Act No. 92-665 of 16 July 1992 adapting insurance and credit legislation to the single European market.

### Governing law

CNP Assurances SA' activities are supervised by France's insurance supervisory authority, Autorité de Contrôle Prudentiel et de Résolution (ACPR, 4 Place de Budapest CS 92459, 75436 Paris Cedex 09, France). As a company whose shares are listed on Euronext Paris, CNP Assurances is also supervised by France's financial markets authority, Autorité des Marchés Financiers (AMF).

## 2. Statutory Auditors

Statutory Auditors of CNP Assurances	First appointed	Appointment ends
KPMG S.A. Tour EQHO 2 Avenue Gambetta CS 60055 92066 Paris La Défense cedex represented by Pierre Planchon* and Anthony Baillet**	2022	AGM to be held to approve the 2027 financial statements
Mazars 61, rue Henri Regnault – Tour Exaltis 92400 Courbevoie - France represented by Jean-Claude Pauly***	1998	AGM to be held to approve the 2027 financial statements

\* Member of the Compagnie régionale des Commissaires aux Comptes de Paris.

\*\* Member of the Compagnie régionale des Commissaires aux Comptes de Versailles et du Centre.

\*\*\* Member of the Compagnie régionale des Commissaires aux Comptes de Versailles.

### 3. Ownership structure

At 31 December 2023

Number of shares: 686,618,477

Total theoretical number of voting rights (gross): 686,618,477

Total number of voting rights exercisable at general meetings (net): 686,244,403

Shareholders	Number of shares	% of capital	% in voting rights exercisable at general meetings <sup>(1)</sup>
La Banque Postale (France)	686,244,403 <sup>(2)</sup>	99.95%	100.00%
CNP Assurances (treasury shares)*	374,074	0.05%	
<b>TOTAL CNP ASSURANCES SHARES</b>	<b>686,618,477</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>(1)</sup> The difference between the share capital and voting rights is due to the number of shares without voting rights.

<sup>(2)</sup> Including a share lent to CNP Assurances IARD to comply with the legal obligation of two shareholders in a public limited company (société anonyme).

CNP Assurances' historical shareholders as from the IPO in October 1998 were Caisse des Dépôts, La Banque Postale and BPCE (whose interests were held through a joint holding company, Sopassure), and the French State. They were united by a shareholders' agreement.

As part of the creation of a major public financial centre announced by the public shareholders of CNP Assurances on 30 August 2018, exchanges and transfers of shares were carried out between the French State, Caisse des Dépôts, La Poste and La Banque Postale on 4 March 2020.

On 14 December 2021, the AMF published La Banque Postale's statement (2021DD812254) informing the market that, following the integration of SF2<sup>6</sup> into La Banque Postale, it held the 138,336,421 CNP Assurances shares previously held by SF2. This transaction resulted in the transfer of 20.15% of the capital and 32.38% of the voting rights of SF2 to La Banque Postale, leaving La Banque Postale with a direct holding of 62.84% of the capital and 68.50% of the voting rights.

On 20 and 21 December 2021, the AMF published BPCE's announcement of the sale of the 110,590,585 shares it held (2021DD813085) and La Banque Postale's announcement of the acquisition of said shares (2021DD812892). At the end of this transaction, the shares representing 16.11% of the capital and 13.62% of the voting rights of BPCE were transferred to La Banque Postale, resulting in La Banque Postale directly holding 78.95% of the capital and 82.12% of the voting rights of the company.

On 16 March 2022, La Banque Postale filed a proposed simplified tender offer (no. 222C0622) for the shares of CNP Assurances with the Autorité des Marchés Financiers (AMF). The simplified tender offer (no. 222C0962) was open from 2 to 31 May 2022 inclusive and at its close, La Banque Postale held 97.67% of the company's share capital and 98.49% of its voting rights (no. 222C1368). A mandatory squeeze-out procedure was completed on 20 June 2022 (no. 222C1398).

Following these transactions, the breakdown of CNP Assurances' capital as at 31 December 2022 was as follows:

- La Banque Postale: 99.95%
- CNP Assurances (treasury shares): 0.05%

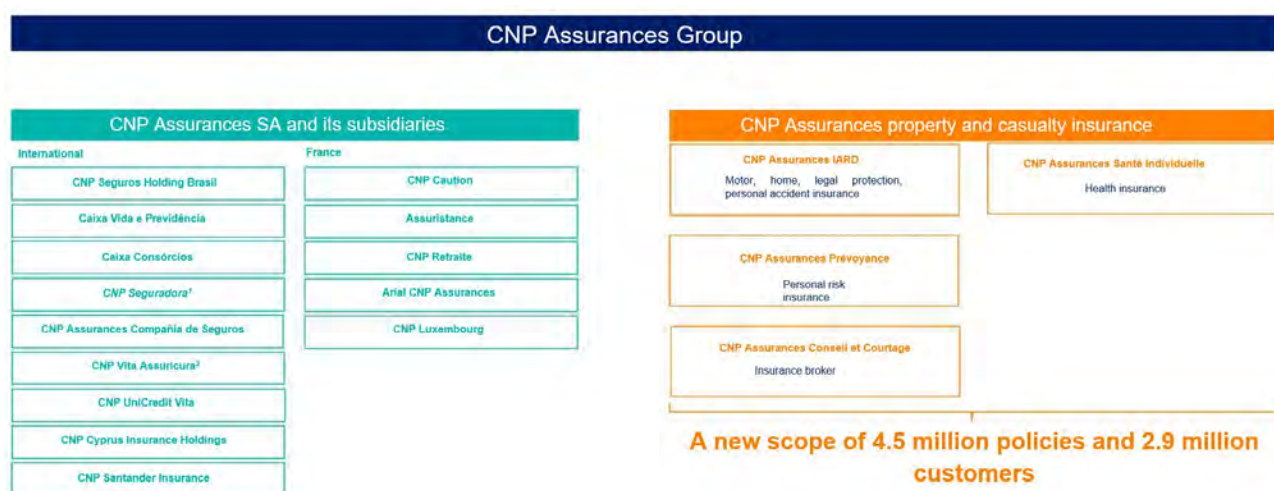
<sup>6</sup> Holding subsidiary whose activity was to hold the La Banque Postale Group's equity securities. In 2021, SF2 was merged with La Banque Postale SA.

On 11 April 2023, La Banque Postale tendered to La Banque Postale International (now CNP Assurances Holding) the shares it held in CNP Assurances, La Banque Postale Assurances IARD (now CNP Assurances IARD), La Banque Postale Assurance Santé (now CNP Assurances Santé Individuelle), La Banque Postale Prévoyance (now CNP Assurances Prévoyance) and La Banque Postale Conseil en Assurances (now CNP Assurances Conseil et Courtage) under the transaction to combine the insurance activities of La Banque Postale and CNP Assurances.

As at 31 December 2023, there was no agreement between the shareholders of CNP Assurances referred to in Article L. 233-11 of the French Commercial Code.

## 4. Organisation of the CNP Assurances Group and its branches

Simplified organisational structures of CNP Assurances' main subsidiaries in Europe and Latin America as at 31 December 2023:



1/ CNP Seguradora is the trademark that brings together Holding Saúde, Previsul, Odonto, CNP Capitalização and CNP Consórcio – trade names

2/ Includes the entities CNP Vita Assicura and CNP Vita Assicurazione since 31 December 2023

The list of CNP Assurances' branches at 31 December 2023 was as follows:

Entity	Branch	Country	City
CNP Assurances	CNP Assurances Denmark branch	Denmark	Copenhagen
CNP Assurances	CNP Assurances Italy branch	Italy	Milan
CNP Assurances	CNP Assurances Spain branch	Spain	Madrid
CNP Assurances	CNP Assurances New Caledonia branch	New Caledonia	Noumea
CNP Assurances	CNP Assurances Polynesia branch	Polynesia	Papeete
CNP Caution	CNP Caution Italy	Italy	Milan
CNP Caution	CNP Caution Spain	Spain	Madrid
CNP Santander Insurance Life	Santander Insurance Life Ltd Italy branch	Italy	Turin
CNP Santander Insurance Europe	Santander Insurance Europe Ltd Italy branch	Italy	Turin
CNP Asfalistiki	CNP Asfalistiki Greece branch	Greece	Athens

## 5. Significant events in 2023

### 5.1 Economic and financial environment

#### The year 2023 was dominated by inflation and central bank decisions

2023 was marked by the monetary policy decisions of central banks, which continued the cycle of monetary tightening initiated in 2022 to counter the surge in inflation. Inflation peaked in the autumn of 2022 due to fears of an energy crisis and began to slow gradually from the summer of 2023, picking up the pace at the end of the year, with rates returning to around 3% in the United States and 2.5% in the euro zone. The decline was amplified by falling electricity and oil prices.

#### An uneven slowdown in global growth

The fall in inflation was accompanied by a sharp slowdown in growth, with considerable disparities between regions. In the United States, growth was resilient (+2.5%) thanks to strong household consumption and fiscal support (deficit close to 7%). In contrast, after a promising start to the year thanks to the post-Covid reopening of the economy, Chinese growth weakened (+4.9%) due to the persistent crisis in the real estate sector and its negative effects on consumer demand. Finally, Europe recorded near stagnant growth (+0.5%) due to a decline in GDP over two consecutive quarters at the end of the year, caused by weak domestic demand and the contraction in world trade (-2%), which strongly affected the German economy.

#### An atypical macroeconomic environment: strong employment and monetary cycle

Despite the economic downturn, the labour markets proved stronger than expected (minimum unemployment rate: 3.8% in the United States, 6.5% in the eurozone). Wage pressure remained strong, leading central banks to tighten their monetary policy further than had been expected at the beginning of the year.

The Fed ended its cycle at 5.25% during the summer and the ECB approved a final increase in September, taking its key rate to 4%. At the same time, central banks accelerated the reduction in their balance sheets by reining in their bond reinvestments. Overall, central banks completed the fastest and most restrictive monetary cycle in decades.

#### The turbulent yield curve ended with a fall at the end of the year

In this atypical scenario of modest growth, falling inflation and resilient employment, investors repeatedly bet on a pause in monetary policy that failed to materialise. This explains the volatility in bond yields. After a temporary decline during the US regional bank crisis, 10-year yields soared over the summer (peaking at 5% in the United States and 3.5% for the OAT) before losing around 100 bps to close at 3.9% and 2.5% respectively due to expectations of monetary easing by central banks.

This exceptional volatility in yields was reflected in the credit market. After widening during the summer, credit spreads contracted sharply, ending the year lower than they began it. This was seen in both quality credit and high yield debt, where the search for yield outweighed the deterioration in economic conditions.

## A stock market rally supported by hopes of a smooth landing and monetary easing

Stock markets, which had started the year on a positive trend (rally of more than 10% in January), slowed during the summer as interest rates rose. The resilience of the US economy, hopes of a soft landing and a rapid fall in interest rates reassured investors and triggered a strong rebound in the main stock market indices (S&P500, Eurostoxx, CAC), which ended the year at record highs. The overall picture masks sharp disparities with a significant outperformance by the US markets, thanks in particular to the artificial intelligence theme and large caps, while the Chinese markets and small caps underperformed.

## Positive effects for emerging countries

The stock market euphoria underpinned emerging countries' performance in both the bond and the equity markets. Some emerging central banks that began their monetary tightening sooner began to cut their interest rates (for example Brazil, which reduced them from 13.75% to 11.75%) but they were hit by tension on US long-term interest rates over the summer. The easing at the end of the year paved the way for the prospect of further rate cuts and a rise in currencies (particularly the Brazilian real), which benefited from the decline in the dollar.

## 5.2 Significant events of 2023

### A central pillar of France's major public financial hub

**On 11 April, La Banque Postale and CNP Assurances announced that they had combined** their insurance activities within CNP Assurances Holding, an entity that is wholly owned by La Banque Postale. CNP Assurances Holding now comprises La Banque Postale's four insurance subsidiaries<sup>7</sup> and CNP Assurances SA and its subsidiaries. CNP Assurances Holding's governance structure is based on that of CNP Assurances SA. This operation marked the last stage in the creation of a major public financial hub, initiated by the French Minister of the Economy and Finances in 2018 with the integration of La Poste and Caisse des Dépôts on the one hand, and La Banque Postale and CNP Assurances on the other. It gave rise to an integrated full-service bancassurance group covering people and property in France and internationally.

**On 27 September, the Board of Directors of CNP Assurances SA voted to pay an interim dividend to CNP Assurances Holding.** This interim dividend of around €1 billion, corresponding to €1.46 per share (excluding treasury shares), will provide CNP Assurances Holding with the funds it needs to pay a future dividend in 2024 for 2023, the amount of which has not been set.

**On 16 November, France's banking and insurance supervisor (ACPR) approved the transfer of MFPrévoyance's portfolio to CNP Assurances** – the last step before the integration of the two entities' activities – effective from 31 December 2023<sup>8</sup>. This transaction will enable MFPrévoyance to continue its historical activities and allow CNP Assurances to start implementing operational synergies aimed at streamlining and strengthening resources to support its development in the supplementary social protection markets, particularly for public sector employees.

**On 1 January 2024, CNP Retraite, insurer of the Préfon Retraite pension scheme, strengthened its position in the scheme** by increasing its share from 37% to 58%. This increase in Préfon Retraite's reinsurance strengthens the plan's

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<sup>7</sup> La Banque Postale Assurances IARD, La Banque Postale Assurances Santé, La Banque Postale Assurances Prévoyance and La Banque Postale.

Assurances Conseil en Assurances renamed CNP Assurances IARD, CNP Assurances Santé Individuelle, CNP Assurances Prévoyance, and CNP Assurances Conseil et Courtage.

<sup>8</sup> With retroactive effect from 1 January 2023.

prospects while maintaining the guarantees of the additional retirement contracts of its 400,000 affiliated public officials, including 150,000 pensioners.

**To drive forward its aim of being a responsible investor on an international scale**, CNP Assurances strengthened its Group Investment division in the autumn of 2023.

This division now includes the Client Wealth and Wealth Engineering business unit (BU), the France Investments department and the newly-created Group Investment Operations department. This new international department will be responsible for structuring a Group SRI business line in response to regulatory requirements and in line with Group objectives. A Green & Sustainable Hub has been created within the new Investment Operations department, centralising CNP Assurances' skills and expertise in green and sustainable investments for the entire La Banque Postale Group.

### International development model

CNP Assurances adjusted the structure of its international activities and appointed key people to strategic posts in its subsidiaries in order to step up the pace of its dynamic growth strategy through exclusive partnerships and open model distribution.

**In January 2023, the Group completed the five acquisitions in Brazil that it announced in 2022**, becoming the sole shareholder of the last two entities acquired – Holding Seguros and CNP Capitalização. As Brazil's third-largest insurer, CNP Assurances now has two distribution models: an exclusive long-term partnership with Caixa Econômica Federal<sup>9</sup> and an open distribution model for marketing the personal risk and health insurance, dental insurance, savings and *consórcio* products of the newly-acquired entities. The CNP Seguradora brand<sup>10</sup> – which will spearhead expansion under the open model – signed its first exclusive distribution agreement with Correios, Brazil's national post office, in August, covering a period of ten years.

**Key appointments support the Group's international expansion.** Maximiliano Villanueva, CEO of Caixa Consorcio and a director of several Group companies in Brazil and Argentina, has been appointed Head of CNP Assurances' Latin America Business Unit and a member of the Group Executive Committee. François Tritz, previously CEO of CNP Santander Insurance in Dublin, has joined the Group's Brazilian teams to head up CNP Seguradora; Trevor Grace, CFO of CNP Santander Insurance in Dublin, has replaced François Tritz as CEO.

In Italy, Jean-Baptiste Nessi, CFO of CNP UniCredit Vita, has become CNP UniCredit Vita's CEO, and Marco Passafiume Alfieri has joined CNP Assurances as CEO of the Italian subsidiaries, CNP Vita Assicura and CNP Vita Assicurazione<sup>11</sup>.

### Innovations in the customer offering and experience

**The Group's innovations in 2023 embody CNP Assurances' ambition to be the most useful insurer for all of its stakeholders and help create an inclusive and sustainable society.**

"Family Help" cover provides support for parents whose child suffers an illness or disability or a serious accident and who have to stop work. CNP Assurances was the first player in the market to offer this type of coverage to its distribution partners to enhance their term creditor insurance contracts, and therefore welcomes the decision of France's financial sector advisory committee<sup>12</sup> that requires all insurers to include such cover in at least one of their term creditor insurance contracts as from 2025.

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<sup>9</sup> Through the jointly-owned subsidiaries CNP Seguros Holding, Caixa Vida e Previdência and Caixa Consórcio.

<sup>10</sup> CNP Seguradora groups together CNP Capitalização, CNP Consorcio, Previsul and Odonto (trade names).

<sup>11</sup> Brought together under one name – CNP Vita Assicura – on 31 December 2023.

<sup>12</sup> See the press release at <https://www.ccsfin.fr>.



The **"EuroCroissance 100 - 10 ans"** fund distributed by La Banque Postale offers a third investment path that lies mid-way between traditional savings funds and unit-linked products. Available from as little as €25, it offers a full capital guarantee at the end of a 10-year period, combined with attractive performance potential and at least 50% of the fund invested in sustainable assets. This fund enables investments to be diversified while helping to finance the shift to clean energy and sustainability in a socially responsible manner.

**CNP ALYSÉS**, the digital platform for independent financial advisors and their customers, which CNP Assurances launched in September 2023, brings together all of the Group's expertise in wealth management with a range of very high value-added services (some of which are unique and exclusive).

**To invent the insurance of the future and effectively meet its strategic challenges, the Group works with the best start-ups in the sector.** Open CNP, CNP Assurances' corporate venture capital fund that invests in innovative start-ups in finance and insurance, participated in funding rounds carried out by EGERIE – which offers solutions for quantifying cyber-risk in order to more effectively insure against it – mySofie (€4.2 million) – which offers guidance to people in France on their health budgets – and SUSU (€4.5 million), whose aim is to enable equal access to healthcare in Africa. The Group also co-finances the Fonds Stratégique des Transitions managed by the private equity firm ISALT, which supports "new industry" SMEs and intermediate-sized businesses in France. It is also a partner of the start-up accelerator, French Assurtech.

After obtaining a label for its AI services platform, three algorithms of CNP Assurances and its subsidiary Diwise obtained the ADEL-AI Act label from GoodAlgo<sup>13</sup> for their ethics and their anticipation of the entry into force of the AI Act<sup>14</sup>. This label gives both customers and partners an additional guarantee regarding how their data is used.

### Climate, biodiversity and inclusion strategy

**In line with its corporate mission, in 2023 CNP Assurances focused its investments more than ever on the low-carbon economy and extended its efforts to societal matters that are ever more aligned with its corporate mission.**

The **new Sustainable Bond Framework** published by the Group in January 2023 enables it to finance social projects in addition to environmental projects. Its first sustainable subordinated bond issue, also carried out in January, for an amount of €500 million, was successfully placed with 88 investors. The funds raised from the issue will be exclusively used to finance green and/or social assets.

The **Green Bond with a Shared Coupon (OCP)**, issued by the SNCF Group for a nominal value of €300 million, was a first in the financial markets, combining the issuer's ESG objectives with a charitable financial return for investors. CNP Assurances chose to subscribe to the fund in order to help finance the SNCF Group's environmental projects, while at the same time donating part of its financial return to the Robert-Debré Child Brain Institute.

An initiative of the major public financial hub, **the impact infrastructure debt fund** is designed to finance European infrastructure that helps limit global warming. Created by combining the complementary expertise of La Banque Postale, LBP AM and CNP Assurances, this fund has been endowed with a total of €1 billion contributed by CNP Assurances. As a result, the Group's impact financing commitments exceeded their initial target of more than €1 billion by the end of 2025, as they have already reached €1.5 billion.

CNP Assurances is actively committed to protecting biodiversity and has set ambitious targets to be achieved by 2025, including measuring 100% of the biodiversity footprint of its corporate portfolio. It joined the **Nature Action 100 investor coalition** launched in September 2023. This coalition brings together 190 institutional investors to initiate dialogue with 100 key companies in the eight sectors<sup>15</sup> that have the greatest impact on nature, and encourage them

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<sup>13</sup> GoodAlgo: a service-provider specialised in AI, Data Science and Ethics that helps companies with their digital transformation processes.

<sup>14</sup> The AI Act aims to establish a legal framework for the ethical regulation of artificial intelligence in the European Union.

<sup>15</sup> Pharmaceuticals, chemicals, personal and household goods, consumer goods, food, distribution, forestry,

to reduce their impact on biodiversity. Biodiversity issues have been part of CNP Assurances' shareholder engagement policy for many years.

## A responsible insurer

**To better support its policyholders** in a tense economic context, CNP Assurances announced on 12 January that it had increased the 2022 rates of return of the euro-denominated vehicles in its life insurance range by 0.66% on average, to 1.57%. In addition, the enhanced policyholder dividends on the portion invested in unit-linked funds pushed the increase up to 2.80% for policies where unit-linked investments represent more than 50%. The enhanced policyholder dividend system was continued in 2023.

**To support term creditor insurance customers** at difficult times in their lives, CNP Assurances and La Banque Postale have launched a particularly inclusive home loan insurance policy with a "Family Help" guarantee. This guarantee provides cover for people to work part-time for a certain period, and is offered at a very competitive price, going beyond the requirements of the Lemoine law by not applying the "level 2 AERAS" surcharges that normally apply to people who have increased health risks. This is the first term creditor insurance policy to be awarded the "Positive Assurance" label by the French Positive Economy Institute.

**Faced with soaring prices** for food and basic necessities, more and more French people are finding it difficult to pay their bills, particularly in situations where unforeseen events lead to a loss or reduction in income (illness, hospitalization, job loss, loss of autonomy, etc.). Since 4 December 2023, Carrefour has been offering its customers four CNP Assurances insurance packages via its specialized subsidiaries Carrefour Banque & Assurance and Lybnet, to help policyholders cover fixed costs in the event of a sudden loss of purchasing power.

**Highly committed to taking positive action to fight climate change**, in 2023 CNP Assurances was one of 34 responsible finance players who signed a letter addressed to the French Minister for the Economy, Bruno Le Maire, calling for improved shareholder dialogue on climate issues to be included in the future Green Industry Act.

**In line with the aim set out in its corporate mission of protecting as many people as possible, and as a reflection of its open and caring corporate culture**, CNP Assurances has joined "Working with Cancer", the first global coalition of companies aimed at eliminating the stigma of cancer in the workplace. It has also joined the OneInThreeWomen network by signing the network's charter dedicated to stopping violence against women.

CNP Assurances signed its **third Quality of Work Life and Conditions agreement** covering the period from 2024 to 2026 and intended to help create an increasingly motivating, welcoming and appealing working environment. The agreement reflects CNP Assurances' inclusive values, as well as its business development objectives, which it will only be able to achieve if all of its people are fully on board.

## Overall performance

**CNP Assurances measures and reports its overall performance by putting its financial and non-financial performance on an equal footing.**

In early April, CNP Assurances was one of the first insurers to disclose the impact of the new **IFRS 9 and IFRS 17 accounting standards on its 2022 financial statements**. These new standards have resulted in greater earnings volatility, offset by less volatility in equity. The implementation of these standards has not affected the Group's resilience, as demonstrated by the fact that Moody's, Fitch Ratings and S&P Global Ratings all affirmed their ratings for CNP Assurances SA<sup>16</sup> in 2023.

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*metallurgy and mining.*

<sup>16</sup> Moody's at A1, Fitch Ratings at A+ and S&P Global Ratings at A+.

In terms of its **non-financial performance**, CNP Assurances ranked among the top 10% best-rated insurance companies based on the ratings awarded by a representative panel of three ESG rating agencies.

### 5.3 Subsequent events

On 11 January 2024, CNP Assurances' Board of Directors appointed Marie-Aude Thépaut as Chief Executive Officer of the CNP Assurances Group. She succeeds Stéphane Dedeyan, who was appointed Chairman of the Management Board of La Banque Postale on 18 October 2023. Marie-Aude Thépaut, who was previously director of the Group's Europe excluding France Business Unit, will be tasked with rolling out the Group's ambitious strategic development project in all of its markets in France and abroad.

## 6. Business review

CNP Assurances SA's total premium income<sup>17</sup> under French GAAP breaks down as follows by business segment:

<i>(In € millions)</i>		2023	2022
Life	With-profits life insurance	8,457	8,152
	Index-linked and unit-linked insurance	5,999	4,483
	Other life insurance	1,833	2,014
	Health insurance	998	993
	Life reinsurance	1,960	2,137
	Health reinsurance	5	4
Non-life	Workers' compensation insurance	230	191
	Medical expense insurance	339	237
	Income protection insurance	390	358
<b>TOTAL</b>		<b>20,211</b>	<b>18,570</b>

The CNP Assurances SA business model is based on long-term partnership agreements with major banks and social economy lenders. Combining insurance expertise with a local presence, it is a model that has proved its efficiency over the years.

CNP Assurances SA works closely with every distribution partner to build offers geared to the profiles of its respective clients in terms of age, appetite for risk and income level.

#### Long-term banking partners in France

In France, products are widely distributed by La Banque Postale and Groupe BPCE (the Banque Populaire and Caisse d'Épargne banks), long-standing partners of CNP Assurances.

#### Many partners in France and a proprietary distribution network

As the preferred insurer of the social protection sector (serving over 100 mutual insurance companies, employee benefits institutions and other non-profit organisations), CNP Assurances designs solutions that enhance their

<sup>17</sup>Based on Solo QRT S05.01 data.

purpose and strengthen their unique positioning. More than 200 residential mortgage providers and 40 wealth managers also place their trust in CNP Assurances.

# A2 Underwriting performance

## 1. Background and market developments

Business performance is tracked using various indicators, some of which are described below:

- Premium income, which is an indicator of underwriting volume
- The insurance margin is used to measure the insurance profit generated by contracts falling within the scope of IFRS 17

## 2. Premium income

**Premium income** generated by the CNP Assurances reporting entity amounted to €20.2 billion, up €1.6 billion (+8.8%) on 2022.

Premium income (non-GAAP) (In € billions)	2023	2022	Change	% change
Savings	16.0	14.3	+1.7	+11.8%
Pensions	0.2	0.3	-0.1	-21.9%
Personal Risk/Health	1.6	1.3	+0.4	+28.4%
Term Creditor Insurance	2.4	2.7	-0.3	-12.4%
<b>Total</b>	<b>20.2</b>	<b>18.6</b>	<b>+1.6</b>	<b>+8.8%</b>

- In **Savings/Pensions**, premium income increased by +€1.6 billion, driven by unit-linked products, in line with the success of the various offers, in particular the "bank loans" offering (LBP: €1.5 billion, BPCE: €906 million). Traditional euro savings also increased (+1%; +€0.1 billion).
- **Personal risk/Health** insurance increased by +€360 million, offsetting the fall in premium income from **Term Creditor Insurance** products (-€333 million).

Savings/Pensions **net inflows** amounted to -€3.2 billion at end-December 2023, despite an increase in net inflows on unit-linked policies.

Net inflows (Non-GAAP) (In € billions)	2023	2022
Traditional contracts	-7.1	-5.4
Unit-linked policies	3.8	2.8
<b>Total</b>	<b>-3.2</b>	<b>-2.6</b>

### 3. Technical insurance margin

IFRS 17 technical insurance margin (In € millions)	2023	2022	Change	% change
<b>Technical insurance margin</b>	<b>1,804</b>	<b>1,391</b>	<b>+413</b>	<b>+29.7%</b>

The **technical insurance margin** amounted to €1,804 million at 31 December 2023, up €413 million (+36.2%), mainly driven by exceptional positive technical impacts in 2023 (bonus on various personal risk/protection insurance provisions) while in 2022, it was hit by the adverse effects of inflation.

# A3 Investment performance

## 1. Description of the asset portfolio

### 1.1 Asset allocation

The following table shows the breakdown of CNP Assurances' asset portfolio at market value and under French GAAP:

Market value (in%)	31/12/2023	31/12/2022	Change
<b>FIXED INCOME PORTFOLIOS</b>	<b>64.43%</b>	<b>65.23%</b>	<b>-0.8 pt</b>
o/w Money market instruments and Derivatives	9.64%	9.13%	0.5 pt
<b>DIVERSIFIED PORTFOLIOS</b>	<b>20.42%</b>	<b>21.86%</b>	<b>-1.4 pt</b>
o/w Equities/Protected equities	9.29%	9.86%	-0.6 pt
o/w Private equity	11.12%	12.00%	-0.9 pt
<b>UNIT-LINKED PORTFOLIOS</b>	<b>15.15%</b>	<b>12.91%</b>	<b>2.2 pt</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

### Proposed allocation

Taking into account the macroeconomic and financial situation in 2023, as described in section A1 of this report, the strategic asset allocation was as follows.

The mix of asset inflows (positive on unit-linked policies / negative on traditional euro funds) combined with a positive market effect led to an increase in the weighting of unit-linked policies.

In traditional euro funds, the level of interest rates encourages investments in bonds rather than equities and unlisted assets. In the bond universe, there was an increase in credit and a fall in government bonds, with a focus on credit quality in a context of tightening credit risk premiums (more marked increase in A-grade credit and very marginal exposure to high yield debt).

Exposure to equities was down following disposals made and not yet reinvested, pending more attractive market levels. The fall in the weighting of unlisted instruments was more due to a value effect on real estate assets.

### 1.2 Asset-backed securities

The portfolio's unamortised nominal value at 31 December 2023 was €11.33 billion (versus €5.99 billion at end-2022) and its market value was €6.39 billion (versus €4.5 billion at end-2022). This sharp increase was due to the inclusion of SPV issues (without tranches) in the structured ABS category.

The portfolio mainly includes asset-backed securities (ABS), residential mortgage-backed securities (RMBS), collateralised loan obligations (CLO), credit-linked notes (CLN), and special purpose vehicles (SPV), broken down as follows:

Type of asset-backed security (In € millions)	Nominal	Market value
Prime student loan ABS	47.70	11.70
CLN	50.00	45.91
CLO	1,030	1,002.30
IG CLO	13.50	13.62
RMBS	6,286.8	1,934.49
SPV	2,449.23	2,364.71
State-guaranteed SPV	1,455.75	1,020.78
<b>Total asset-backed securities</b>	<b>11,332.98</b>	<b>6,393.51</b>

### 1.3 Unlisted asset classes (private equity, property and infrastructure)

#### Private equity

In 2023, CNP Assurances committed to investing €488 million in 17 private equity funds in France, Europe and the United States. These funds invest mainly in SMEs and midcaps operating in various economic sectors.

Through the strategic investment fund, CNP Assurances invested €55 million in two local funds.

At 31 December 2023, the private equity portfolio represented a net commitment of €5.1 billion, for a carrying amount of €3.3 billion.

#### Property & forestry assets

In line with its corporate mission, CNP Assurances kept up the drive to continuously improve the property portfolio's energy performance, promote biodiversity and sustainably manage assets in line with ESG considerations.

No new major commitments were made in real estate assets in 2023. As a general principle, the Group invests directly in property and forestry assets, rather than through funds.

#### Infrastructure

Infrastructure investments continued to grow in 2023 with two new fund commitments: \$50 million in a global fund classified under Article 8 of the European SFDR; and €83 million in an Article 9 European fund targeting assets participating in the energy transition.

#### Property and infrastructure debt

The property and infrastructure debt portfolios continued to grow at a substantial pace in 2023, with nearly €1.2 billion in new commitments, mainly targeting projects that contribute to the energy transition.

#### Corporate debt

€66 million was invested in corporate debt in 2023, bringing the portfolio's carrying amount to €4.7 billion.



## 1.4 Portfolio hedges

CNP Assurances uses derivatives to hedge its asset portfolios. The purpose of the hedges is to reduce the risks associated with the underlying assets.

Hedges on a notional amount of €46.2 billion were outstanding at 31 December 2023.

Hedged risks include the risk of an increase in interest rates, which is hedged using interest rate and spread caps on long-term rates. In 2023, hedges were acquired for a notional amount of €13.79 billion.

The rise in interest rates also enabled the implementation of a hedge against a fall in interest rates with the purchase of floors indexed to the 10-year CMS rate. CNP Assurances hedged a notional amount of €24 billion against a fall in interest rates in 2023.

To lock in unrealised gains and reduce sensitivity, equity risk hedges were purchased on a notional amount of €8.2 billion in 2023.

Independently of interest rate and equity hedges and due to its presence in Brazil, CNP Assurances is exposed to changes in the exchange rate of the Brazilian real (BRL). In order to protect against a BRL depreciation, Asian options with annual maturity were set up to hedge the contribution of its subsidiaries to the Group's consolidated income, for a notional amount of BRL 1,253 million.

## 1.5 Sustainable development commitments and indicators

CNP Assurances continued to invest in socially responsible investment (SRI) funds and green transition funds, in line with the following objectives:

- **Reaching €30 billion in "green" investments in the energy and ecological transition by 31 December 2025 (scope: CNP Assurances France + CNP foreign subsidiaries).** At 31 December 2023, green investments totalled **€27.2 billion**, or **91%** of the target. For the CNP Assurances France scope, green investments totalled €25 billion, or 84% of the target.
- **Reaching €1 billion in investments with an environmental or social impact by the end of 2025** within the meaning of the definition adopted by France Invest (excluding green bonds recorded in the previous indicator), combining criteria of intentionality (explicit impact objective considered in investment decisions), additionality (through engagement with investees) and measurability (social or environmental outcomes pursued) (scope: CNP Assurances France). At 31 December 2023, these investments totalled **€1.6 billion**, or **158%** of the target.
- **Net Zero Asset Owner Alliance (NZAOA) targets:** Reduce by 25% the greenhouse gas (GHG) emissions of directly held corporate investments between 2019 and 2024 (scope of CNP ASSURANCES and French subsidiaries, scope 1 and 2 emissions): **47 kg CO<sub>2</sub>/€k**
- **No longer investing in companies that derive more than 5% of revenues from thermal coal** or are developing new coal-fired power stations. There were no investments in any company on this exclusion list in 2023.
- **No longer holding any investments in companies that derive more than 20% of revenues from thermal coal** or are developing new coal-fired power stations. There were no outstanding investments in any company on this exclusion list in 2023.
- **Divesting all remaining investments in the tobacco sector, in line with the Tobacco-Free Finance Pledge.** At 31 December 2023, there were no outstanding investments in tobacco issuers and there were no new investments in this sector in 2023.

## 2. Investment income and expenses

Net investment income (In € millions)	2023	2022	Change
Net investment income	5,200	5,212	-13
Net profits on disposal of investments	2,747	479	2,268
Investment expenses	-1,174	-622	552
<b>Net investment income<sup>18</sup></b>	<b>6,772</b>	<b>5,069</b>	<b>1,703</b>

Net investment income determined on a French GAAP basis amounted to €6.8 billion in 2023, up +€1.7 billion compared with 2022. This increase was mainly explained by:

- An increase in capital gains on equities and UCITS, for €1.3 billion
- A decrease in capital losses on unlisted products, for +€0.3 billion
- An increase in bond income of +€0.3 billion following the rise in interest rates
- An increase in dividends of +€0.3 billion on real estate and unlisted products
- A €0.2 billion increase in provisions for long-term impairment on real estate assets due to the fall in asset values directly impacted by the rise in market rates
- An increase in the remuneration of repo securities of €0.5 billion, due to the sharp rise in short-term rates over the past year

<sup>18</sup> CNP Assurances annual financial statements (Appendix 6.1)

## A4 Other income and expenses

The Group defines as "Other income and expenses" the income tax expense and finance costs reported in the consolidated financial statements.

A photograph of a man and a woman in an office. The man, in the center, has a beard, glasses, and is wearing a white shirt and a dark blazer. He is smiling and looking towards the woman on the left. The woman is partially visible, smiling back. The background shows a bright window and office equipment like a fire extinguisher and a printer.

**B**

**System  
of governance**

This section presents CNP Assurances' system of governance.

It begins with a general description of the system of governance and the fit and proper policy applicable to the persons responsible for the system.

This is followed by a description of each of the key functions defined in Solvency II, with particular emphasis on internal risk and solvency assessments, which are a critical part of the Risk Management function, and internal assessments of the internal control system and the outsourcing management process.

CNP Assurances' priority is to constantly improve the quality of service provided to policyholders as well as the overall quality of internal control and risk management in liaison with its partners. Wherever possible, risk assessment and management processes are adapted in response to changes in CNP Assurances' business environment and new identified risks.

CNP Assurances considers that its risk management and control system is appropriate for its business model and provides reasonable assurance that its objectives are met in a satisfactory manner.

# B1 Information on the system of governance

## 1. Organisation of powers

The current governance structure separates the powers of Executive Management from those of the Board of Directors, in order to promote long-term value creation for the company and to determine the Group's strategy and oversee its implementation.

For a detailed description, refer to CNP Assurances' Universal Registration Document (Corporate Governance section). An overview of the organisation of powers is provided below.

### 1.1 Board of Directors

#### 1.1.1 Main roles and responsibilities of the Board of Directors

The Board of Directors examines all issues affecting CNP Assurances and decides all matters that concern it, in line with the corporate purpose and with the exception of those matters which, by law, can only be decided by Executive Management or by the shareholders at General Meetings.

The Board approves the financial statements of CNP Assurances and the consolidated financial statements of CNP Assurances and its subsidiaries, and obtains assurance concerning the quality and reliability of financial and other information given to shareholders and other stakeholders. It also obtains assurance concerning the effectiveness of the internal control and risk management systems. These three roles are fulfilled jointly with the members of Executive Management, who are responsible for preparing matters and proposals for submission to the Board for review and approval. The Board of Directors prepares the management report and the corporate governance report, and validates the ORSA report, this Solvency and Financial Condition Report and the Regular Supervisory Report.

The Board fulfils other specific roles, such as authorising related-party agreements governed by Article L.225-38 of the French Commercial Code (Code de commerce), appointing executive directors, assessing their performance and determining their remuneration, allocating among Board members the remuneration awarded to the Board by the General Meeting and calling General Meetings.

#### 1.1.2 Committees of the Board of Directors

The Board of Directors' five specialised committees (Audit and Risks Committee, Strategy Committee, Remuneration and Nominations Committee, Monitoring Committee on the Implementation of the BPCE and La Banque Postale Partnerships, and CSR Committee) carried out their tasks in preparation of the Board's deliberations. Their work facilitated the Board's decision-making in a business where technical aspects require a specific review and in the particular context of the acquisition by La Banque Postale of a 100% interest on 20 June 2022 following the simplified takeover bid and mandatory squeeze-out.

## 1.2 Chairwoman of the Board of Directors

Since 31 July 2020, the Board of Directors has been chaired by Véronique Weill.

The roles and responsibilities of the Chairwoman as defined in the French Commercial Code include responsibility for:

- Calling meetings of the Board of Directors and setting the agenda
- Chairing meetings of the Board of Directors
- Chairing General Meetings called by the Board of Directors
- Determining the confidential information presented at Board Meetings that will be subject to the directors' duty of discretion
- Submitting related-party agreements and commitments to the Board for approval and informing the Statutory Auditors of these agreements

The Chairwoman ensures that the Board of Directors respects the roles and prerogatives of Executive Management. She ensures that the Board of Directors is constantly informed of the activities and performance of CNP Assurances and its subsidiaries.

The Chairwoman organises and leads the work of the Board of Directors, calling meetings at least four times per year, or more frequently if warranted by circumstances. In 2023, the Board of Directors met twelve times and also devoted two half-days to a strategic seminar for directors.

The Chairwoman oversees the transparency of decision-making processes, with a particular focus on the clarity, accuracy and completeness of information provided to the Board in respect of matters submitted for its decision.

The Chairwoman is closely involved in CNP Assurances' strategic management. At weekly reviews, the Chief Executive Officer informs her of significant events and situations, particularly in relation to strategy, organisation, and major investment and divestment projects.

As such, the Chief Executive Officer involves the Chairwoman in the corresponding internal meetings that prepare the strategic decisions of CNP Assurances and its subsidiaries.

Similarly, the Chairwoman involves the Chief Executive Officer in the preparation of Board of Directors' meetings and invites the members of the Executive Committee in charge of the following matters to specific meetings held prior to Board meetings:

- The annual budget
- The annual and interim financial statements
- Written policies submitted for Board approval in accordance with Solvency II governance regulations

Evidently, the Chairwoman receives the necessary information to ensure that she fully understands CNP Assurances SA's risk exposure. Matters addressed by the Group Risk Committee and the Strategic Allocation Committee are sent to the Chairwoman before the committee meetings are held, allowing sufficient time for her to meet with the Chief Executive Officer.

All audit reports are provided to the Chairwoman as and when they are published. She may also commission special audits, either on an ad hoc basis or as part of the audit plan discussed by the Board of Directors.

The Chairwoman has broad and constant access to relevant information that will enable her to understand all matters pertaining to the company.

At the beginning of each year, she meets the heads of the various business units and corporate departments to hold a free and frank discussion of their work and any issues that they may have identified and believe should be brought to her attention.

She also ensures a high level of quality is maintained in relation to aspects such as:

- Relations with CNP Assurances' shareholder
- Diversity on the Board of Directors
- The operation of the Board of Directors
- The relevance of the training offered to Board members

### 1.3 Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in CNP Assurances SA's name in all circumstances, except for those powers specifically assigned to shareholders in General Meetings and to the directors in Board meetings. The Board of Directors sets limitations on the powers of the Chief Executive Officer and delegates some of its powers to her. These are detailed in the internal regulations of the Board of Directors, available on the CNP Assurances SA website. The restrictions on his or her powers concern in particular acquisitions (excluding portfolio management) exceeding certain financial limits or that are not fully aligned with the strategy decided by the Board.

The Chief Executive Officer actively participates in Board Meetings and regularly keeps the Board abreast of the Group's day-to-day management and all significant events affecting it. He helps devise and update the strategy decided by the Board.

The Chief Executive Officer is responsible for managing day-to-day operations. A key concern of Executive Management is to ensure that operations comply with the policies and strategies decided by the Board and that the link between strategy and shareholder value is maintained.

The Chief Executive Officer is assisted in her managerial and operational duties by the Deputy Chief Executive Officer and the members of the Executive Committee.

### 1.4 Executive Committee

The Executive Committee leads CNP Assurances' operations and implements the corporate strategy decided by the Board of Directors.

The Executive Committee of CNP Assurances includes the Chief Executive Officer, the Deputy Chief Executive Officer and nine senior executives, who meet each week.

It is a forum for reflection, coordination, the sharing of initiatives and monitoring of cross-functional projects. It combines a very broad range of technical, marketing, managerial and operational skills within an internal structure.

The Executive Committee discusses cross-functional and strategic management issues for final decision by the Chief Executive Officer.

The committee reviews budgets, long-term business projections, financial statements, financial investment strategies and profit forecasts by business segment. It also reviews proposed business acquisitions and the business plans of the main French and foreign subsidiaries.

It oversees the consistency of action plans implemented by the business units and subsidiaries. It monitors the Company's results and financial ratios and reviews the action plans to be implemented by the Company. It particularly focuses on ensuring the efficiency of internal control, internal audit and risk management systems, which are key drivers of good internal Group governance.



Summary minutes are kept of each Executive Committee meeting.

## 2. Persons who hold the key functions in the CNP Assurances Group

Four key functions at Group level (risk management, compliance, actuarial and internal audit) are carried out by directors who report to the Chief Executive Officer.

They are regularly invited to attend Board Meetings to provide the Board with insight into the risks, responsibilities and challenges associated with these functions.

**The Risk Management function** is presented in section B3 below. It is run by the Group Risk department, which is responsible for coordinating the risk management system. The department (i) applies the risk appetite defined in the Company's risk management strategy through risk policies and economic capital estimates; (ii) ensures that all risks are covered by the system and that the related surveillance measures are effective; (iii) rolls down the risk acceptance framework to the different businesses through such measures as underwriting policies, delegations of authority and investment guidelines and (iv) delivers a preliminary opinion on decisions with a significant impact on CNP Assurances' risk profile based on the four-eyes principle. Following La Banque Postale's acquisition of control of CNP Assurances, creating the need to set up an integrated risk management system at the level of the financial conglomerate, effective from 4 March 2020 CNP Assurances' Chief Risk Officer reports on a dotted-line basis to the La Banque Postale Group's Chief Risk Officer.

**The Compliance function** is presented in section B5 below. It is run by the Compliance department. The department detects, identifies, assesses and prevents the occurrence of compliance risks, and provides advice and guidance in the following main areas: (i) governance (existence of appropriate committees, verification of independent advisors' professional qualifications); (ii) business ethics (professional secrecy and confidentiality, prevention of insider trading, anti-bribery and corruption measures); (iii) policyholder protection (know-your-client procedures, duty of advice, policyholder information, complaint processing procedures); (iv) marketing practices (advertising, sales and marketing documents, alignment of products with target clients, policy marketing rules); (v) procedures to combat money laundering and the financing of terrorism; (vi) procedures to combat insurance fraud and (vii) protection of personal data.

**The Actuarial function**, which is presented in section B7 below, is handled by a dedicated department reporting to the Chief Actuary. Its activities include coordinating technical reserve calculations and analysing the underlying assumptions. These include analyses of reinsurance measures and underwriting, for which the actuarial function is supported by the technical and innovation teams. The results of the actuaries' work, in terms of estimating the impact on the Group's earnings and risk profile, are systematically taken into account.

**The Internal Audit function** is presented in section B6 below. It is run by the Internal Audit department, which assesses the relevance and robustness of the Group's overall system of controls. It also assesses the design and effectiveness of the risk management and internal control processes deployed in the audited activities or critical business processes, and recommends quality and compliance improvements.

### 3. Delegations of authority

The starting point for the internal system of delegations of authority is the delegation of certain powers and responsibilities by the Chief Executive Officer to the directors reporting to her, who include the Deputy Chief Executive Officer, the members of the Executive Committee and the heads of the four key functions (Risk Management, Compliance, Actuarial and Internal Audit). These executives may then delegate some of their own powers and responsibilities.

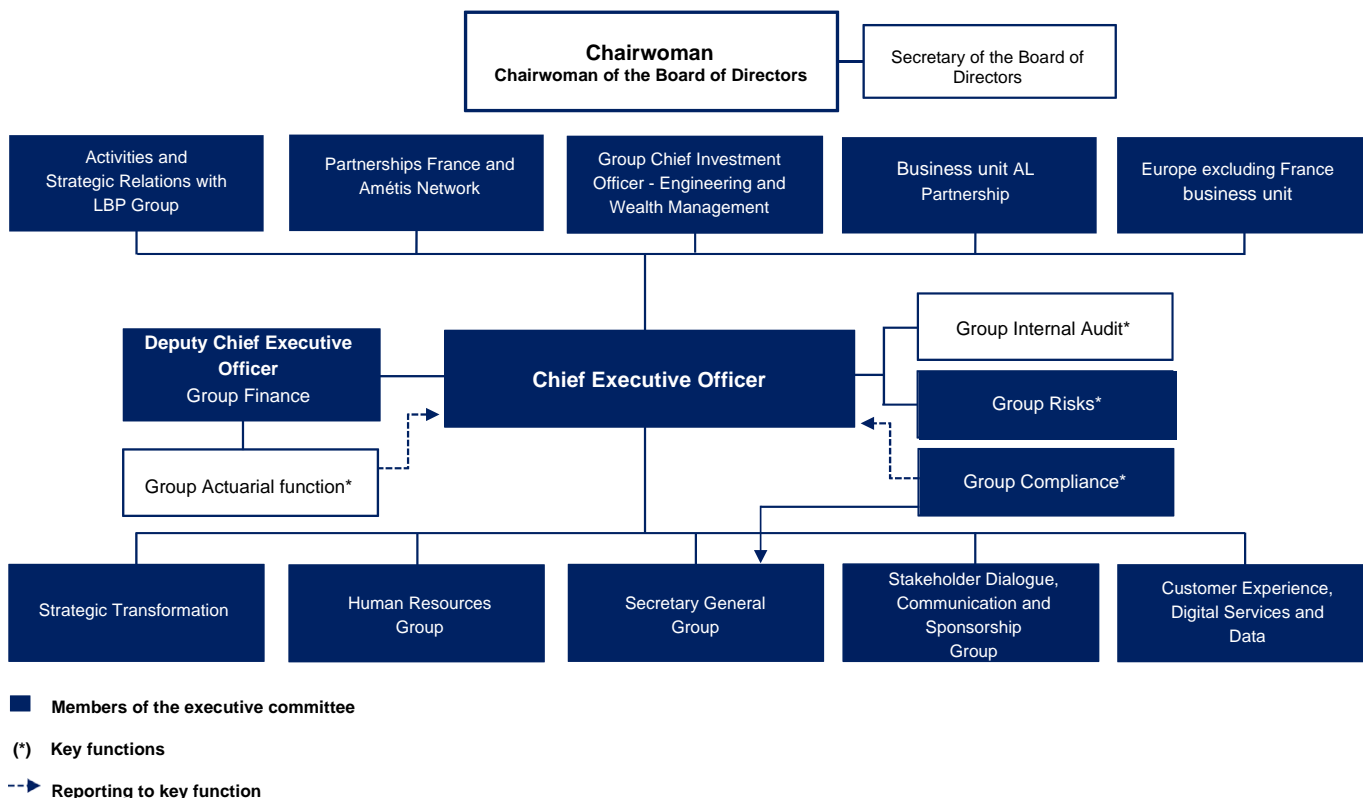
The formal delegations of authority describe the powers concerned, detailing the action that is likely to be taken and the commitments that are likely to be given to third parties on behalf of CNP Assurances. They respond to:

- Organisational imperatives, by reflecting the Group's organisation structure
- Operational needs, by describing the powers and responsibilities concerned
- Security requirements, by setting out in an appendix the limits applicable to the delegated authority in terms of budget decisions and business decisions
- Third parties, by being validly invocable against any claims made by such parties

This explicit and consistent internal system of delegations of authority contributes to the effective operation and control of the system of governance.

### 4. Organisation chart

CNP Assurances is organised around business units and corporate functions, as shown below (based on the organisation at 31 December 2023):



## 5. Material changes in the system of governance during the reporting period

With regard to the governance system, 2023 and the start of 2024 saw:

- The appointment of Marie-Aude Thépaut, previously Head of the Europe excluding France business unit, as Chief Executive Officer of CNP Assurances and Chairwoman of CNP Assurances Holding
- The appointment of two new members of the Executive Committee of CNP Assurances: Josselin Kalifa, Chief Risk Officer and Marie Rouen, Group Human Resources Director
- The appointment of Jean-Baptiste Nessi, CFO of CNP UniCredit Vita, as CEO of CNP UniCredit Vita to replace Tanguy Carré
- The appointment of Marco Passafiume Alfier as CEO of CNP Vita Assicura and CNP Vita Assicurazione, Italian subsidiaries of the CNP Assurances Group, to replace Tanguy Carré
- The appointment of Maximiliano Villanueva as Head of the Latin America business unit and member of the Executive Committee, to replace Asma Baccar
- The appointment of François Tritz as Head of CNP Seguradora

## 6. Remuneration policies and practices

### 6.1 Remuneration policy applicable to employees of CNP Assurances

CNP Assurances' remuneration policy is designed to attract, retain and motivate employees and reward their contribution to business growth. It is consistent with the Group's strategic priorities, objectives, and business and financial performance goals. It also observes the guiding principles set out in the La Banque Postale's Group Policy. To avoid encouraging risk-taking that exceeds CNP Assurances' risk tolerance limits, material risk-taker bonuses are flexible, deferred and adjustable.

The policy is submitted each year to the Remuneration and Nominations Committee before being approved by the Board of Directors of CNP Assurances. The latest version was approved by the Board of Directors on 15 February 2023. A formal remuneration policy has been drawn up and distributed throughout CNP Assurances.

The policy reflects CNP Assurances' culture of fair pay and gender equality, and is consistent with insurance and financial services industry practices. It is governed by French labour laws, collective bargaining agreements and the various internal agreements with employee representatives.

Total remuneration packages are determined by responsibility level. They reflect the requirements of the position concerned, external market data, internal management ratios and the overarching principle of fairness.

The main components of employees' remuneration are the salary, variable compensation, collective remuneration (discretionary and non-discretionary profit-sharing), and benefits in kind. Remuneration incorporates sustainability criteria (in accordance with EU Regulation 2019/2088).

Severance payments are linked to the performance recorded over the entire period of employment and designed so as not to reward failure.

### 6.1.1 Salary

Salary is a fixed amount of money paid to an employee in return for work performed that is determined based on their responsibilities and skills. Salary increases may result from:

- Across-the-board increases decided during the annual pay round
- Personal pay rises awarded following the annual career review and performance appraisal, which may lead to an automatic increase or an increase decided on the recommendation of management
- Pay rises awarded in recognition of an increase in the employee's responsibilities or workload, decided following a review of their personal situation

### 6.1.2 Bonus

The bonus rewards individual or group performance in relation to objectives. The bonus system is used to roll down strategic priorities and incentivise and reward the employees who make the biggest contribution. In this way, it promotes a culture of managerial transformation based on annual performance objectives.

Participation in the bonus system depends on the employee's profession and responsibilities. Employees engaged in a sales activity are eligible for a variable remuneration system based on sales. A specific bonus system has been in place since 2016 for "material risk-takers" within the meaning of Solvency II.

With the exception of the specific system for material risk-takers, which requires deferred payment, variable remuneration is paid annually.

### 6.1.3 Across-the-board bonuses: discretionary and non-discretionary profit-sharing

The discretionary and non-discretionary profit-sharing systems in place at CNP Assurances give employees a stake in CNP Assurances' profits and growth. They also promote a sense of belonging and encourage employees to work together.

### 6.1.4 Integration of sustainability criteria

Pursuant to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, and in its capacity as an insurance company, CNP Assurances has updated its policy on the integration of sustainability risks and has published this information on its website.

Employee remuneration is aligned with CNP Assurances' sustainability challenges at several levels (individual variable remuneration for eligible employees, remuneration of material risk takers and the collective variable remuneration of all employees).

## 6.2 Remuneration policy and practices regarding corporate officers

Under the Solvency II governance system in force at CNP Assurances, the Board of Directors has approved a remuneration policy for the Chairwoman of the Board and the Chief Executive Officer that formally embodies a set of remuneration principles applicable to employees, risk-takers and corporate officers.

The remuneration of corporate officers is decided by the Board of Directors and shareholders at the Annual General Meeting based on the recommendations of the Remuneration and Nominations Committee.

As a listed company whose shares are traded on a regulated market, CNP Assurances refers to the guidelines concerning senior officers' remuneration in the AFEP-MEDEF Corporate Governance Code.

The corporate officers' fixed remuneration and maximum variable remuneration are set annually by the Board of Directors. The Board also decides on any quantifiable and qualitative objectives used to determine the variable remuneration to be paid the following year, based on the recommendations of the Remuneration and Nominations Committee.

## 6.3 Specific material risk-taker bonus system set up in compliance with Solvency II rules

At CNP Assurances, material risk-takers within the meaning of the Solvency II Directive are the persons who effectively run the undertaking and those who hold the four key functions, as well as persons whose activities have a material impact on the company's risk profile. The functions considered to be risk-takers are listed in the Group's remuneration policy.

The list of identified staff is updated each year and submitted for approval by the Remuneration and Nominations Committee and then the Board of Directors of CNP Assurances.

A significant proportion of the total bonus payable to the material risk-takers is flexible, deferred and adjustable to ensure that it is in line with CNP Assurances' strategic priorities and promotes sound and effective risk management.

### Description of the remuneration system

#### Performance assessment

The process for determining bonuses, setting objectives and assessing performance for material risk-takers is the same as for all employees. Bonus criteria include "personal objectives, objectives for the individual's business unit and/or operating area and earnings objectives for the Group". Under no circumstances are the bonuses of holders of key functions determined by reference to the performance of the business units or operating areas that they control or for which they act as co-decision maker.

The Chief Executive Officer consults the Remuneration and Nominations Committee each year for its opinion on the level of compensation and the achievement of the objectives of key function holders as well as the Deputy Chief Executive Officer.

## Characteristics of material risk-taker bonuses

Material risk-taker bonuses are flexible, deferred and adjustable.

- Flexibility: the bonus clause in eligible employees' employment contracts specifically states that CNP Assurances operates a fully flexible variable remuneration policy, including the possibility of paying no bonus
- Deferral: a significant proportion of the bonus awarded to material risk-takers is deferred over three years
- Adjustment: the bonus may be adjusted downwards for exposure to current and future risks, taking into account the Group's risk profile and cost of capital

Bonus payments are subject to the following conditions:

- Compliance with internal or external rules concerning procedures, ethics, business conduct, etc.
- Earnings performance (the Group must have reported a net profit)

If a material risk-taker leaves CNP Assurances, for whatever reason, the same conditions apply to the payment of their deferred bonus.

## Characteristics of senior management and key executive supplementary pension plans

An "Article 39" supplementary pension plan was set up on 1 January 2006. The plan was closed to new participants with effect from 31 December 2013, and the salaries and years of service used to calculate future benefits were frozen.

This plan was restricted to the members of Executive Management covered by the collective bargaining agreement for executive personnel dated 3 March 1993.

## 6.4 Components of the remuneration awarded to the directors, Chairwoman of the Board of Directors and the Chief Executive Officer

The remuneration due to the Chairman of the Board of Directors and the Chief Executive Officer is as follows:

In €	2023	2022
Chairman of the Board of Directors	350,000	350,000
Chief Executive Officer	601,000	623,716

Each year, the Board of Directors decides on the fixed remuneration to be paid to the Chairman/Chairwoman. This remuneration was increased to €280,000 in 2016 after remaining unchanged at €250,000 between 2012 and 2015. In 2020, it was increased to €350,000.

The Chairman/Chairwoman does not receive any remuneration for participating in meetings of the Board and the committees of the Board.

## 6.5 Directors' remuneration

The remuneration paid to members of the Board of Directors is as follows:

	Remuneration paid in 2023 (in €)		Remuneration paid in 2022 (in €)	
	For H2 2022	For H1 2023	For H2 2021	For H1 2022
TOTAL	549,800 *	450,350 *	600,350*	695,300*

\* Excluding the Chairman/Chairwoman, as explained above.

The remuneration allocated to each director is based on the total amount awarded to the Board at the Annual General Meeting.

This amount is set at €1,500,000 for 2022 and subsequent financial years.

The allocation is based exclusively on the directors' attendance rates at meetings of the Board of Directors and the Board Committees, as follows:

For each effective participation:

- €3,800 for each meeting of the Board of Directors and €3,050 for each meeting of a Board Committee
- €3,050 for each meeting of a Committee of the Board chaired by the director

The Board of Directors' Meeting of 18 December 2007 decided to pay directors as follows: the first payment is for meetings of the Board and the committees held during the first half of the year and is made at the end of the first half; the second payment is for meetings held during the second half of the year and is made at the beginning of the following year.

No remuneration is paid by CNP Assurances to the Chairwoman of the Board of Directors or the Chief Executive Officer for their attendance at meetings of the Board or its Committees.

## 7. Agreements and commitments authorised during the year

Information about material transactions with shareholders in 2023, persons who exercise a significant influence over CNP Assurances, and members of Executive Management is provided below.

The transactions (or agreements and commitments) described below were authorised in advance by the Board of Directors in accordance with Article L.225-40 of the French Commercial Code and Article R.332-7 of the French Insurance Code.

The following transactions and agreements were submitted for approval at the Annual General Meeting called to approve the 2023 financial statements:

- Agreements with Caisse des Dépôts relating to the investment in Orpéa
- Agreements with Arial CNP Assurances relating to the development of the partnership with AG2R La Mondiale for the Pensions business

Detailed information about these transactions and agreements is provided in CNP Assurances' Universal Registration Document (Corporate Governance section).

## B2 Fit and proper requirements

Fit and proper requirements apply to the persons responsible for the system of governance (directors and persons who effectively run the Group or hold other key functions). These persons must fulfil the following requirements:

- Their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit)
- They are of good repute and integrity (proper)

### 1. Specific requirements in terms of qualifications, experience and knowledge

#### 1.1 Directors

The Remuneration and Nominations Committee obtains assurance that the members of the Board of Directors collectively possess the appropriate qualifications, experience and knowledge about (i) insurance and financial markets; (ii) CNP Assurances' business strategy and model; (iii) its system of governance; (iv) financial and actuarial analysis, and (v) the regulatory framework and requirements that are appropriate to the exercise of the responsibilities assigned to the Board of Directors.

#### 1.2 Persons who effectively run CNP Assurances

The committee also reviews the files of candidates for nomination by the Board of Directors as Deputy Chief Executive Officer and expresses an opinion based on a fit and proper file attesting that the candidate has the qualifications, experience and knowledge needed to effectively run the company.

#### 1.3 Key functions

The assessment of whether a candidate has the qualifications, experience and knowledge needed to hold a key function is based on the following criteria:

- Professional qualifications
- Training
- Professional experience in the insurance industry or other finance sectors or other companies or organisations. Preference is given to candidates with experience in the insurance industry. They are expected to have around ten years' professional experience. In all cases, candidates' tasks and responsibilities in their previous positions are examined in detail
- Cross-functional expertise (for example, holistic vision, analytical and deductive skills, strong interpersonal, outreach and communication skills)
- Behavioural skills (for example, natural authority, management skills and sense of responsibility)
- Reputation and integrity



## 2. Fit and proper assessment process

### 2.1 System applicable to the directors and to the persons who effectively run CNP Assurances

Prior to the nomination or renewal of directors and persons who effectively run CNP Assurances, the Remuneration and Nominations Committee performs a fit and proper review based on the Nomination and Renewal file prepared by the committee secretary and presented by its Chairwoman. The file includes full biographical details, a document attesting that the person has no criminal convictions, a certificate of propriety and the notification form to be sent to the insurance supervisor (ACPR) where required.

The committee also performs a prior fitness review of the Board as a whole, based on a file prepared for this purpose by the committee secretary.

The committee may suggest that the Board of Directors use the option available to listed companies to seek the opinion of France's insurance supervisor (ACPR) before proposing a candidate for election or re-election by the General Meeting of Shareholders.

The committee secretary proposes training programmes to ensure that directors have up-to-date knowledge of Solvency II, insurance and other areas.

The directors and persons who effectively run CNP Assurances are under the obligation to notify the committee of any change in their situation in relation to the fit and proper requirements, in accordance with their signed attestation.

### 2.2 Fit and proper assessments of the persons who hold the key functions at CNP Assurances

The fit and proper assessment process for the persons who hold the key functions in the Company is organised around a Group Fit and Proper Review Committee made up of the Group Human Resources Director, who chairs the committee and also serves as its secretary, the Group Chief Compliance Officer and the Group Secretary General.

Prior to any nomination or renewal, the Group Human Resources department prepares a Nomination and Renewal file and reviews the candidate's fitness and propriety.

#### 2.2.1 Role of the Fit and Proper Review Committee in the nomination/renewal process

For each nomination or renewal, the members of the Fit and Proper Review Committee check that the Nomination and Renewal file prepared by the Group Human Resources department contains all necessary documents and has been properly prepared. The committee assesses the candidate's disclosed qualifications, experience and knowledge, as well as his or her compliance with internal rules concerning professional qualifications, minimum grades to hold the function and relevant experience, based on skills matrices.

The Fit and Proper Review Committee's opinion is submitted to the Chief Executive Officer, who in turn seeks the opinion of CNP Assurances SA's Remuneration and Nominations Committee.

#### 2.2.2 Responsibility for the process of continuous fit and proper assessments

The Fit and Proper Review Committee reviews the training programmes available to the persons concerned at CNP Assurances SA to update their knowledge about (i) insurance and financial markets; (ii) CNP Assurances' business

strategy and model; (iii) its system of governance; (iv) financial and actuarial analysis; and (v) the regulatory framework and requirements.

### **2.2.3 Other responsibilities**

The Fit and Proper Review Committee meets at least once a year to review application of fit and proper policies and propose adjustments in response to changes in regulations, industry practices and the policies' scope of application.

## **2.3 Fit and proper policy**

A formal fit and proper policy has been drawn up, reviewed, and distributed throughout the CNP Assurances Group. The latest version was approved by CNP Assurances SA's Board of Directors on 15 February 2023.

## B3 Risk management system

CNP Assurances' risk management system is the same as that of the CNP Assurances Group. This system is described below.

### 1. Risk management principles

The objectives of the Group risk management system are to create secure decision-making and other processes and promote a culture of risk management and oversight among employees in order to maintain the Group's value.

The following risk management principles have been defined:

- The Board of Directors approves the Group's risk tolerance limits proposed by Executive Management
- The risk management policy must:
  - Provide for sound and prudent management of the business
  - Limit and manage risk-taking
  - Embed risk management in decision-making processes
  - Establish procedures for escalating concerns and whistleblowing
  - Provide for the formalisation and centralisation of risk management documentation

### 2. Risk management framework

The risk management system forms part of the wider internal control system (see section B5 for details).

The overall system is organised around:

- The Group's Board of Directors, which is responsible for defining strategic priorities in the area of risk management based on input from the Audit and Risk Committee. The Board also approves the Group's risk tolerance limit and its annual solvency assessment process
- The Chief Executive Officer, who leads the risk management system
- The Group Risk Committee, chaired by the Chief Executive Officer, which oversees risk governance with the support of sub-committees that deal with specific risk

The process is headed up by the Group Risk department, which has been assigned the Risk Management function under Solvency II. The Chief Risk Officer reports to the Chief Executive Officer. Following the establishment of an integrated risk management system at the level of the La Banque Postale financial conglomerate, effective from 4 March 2020, CNP Assurances' Chief Risk Officer reports functionally to the La Banque Postale Group's Chief Risk Officer.

## 3. Overall risk management system

### 3.1 Risk management activities and processes

The risk management system is based on the risk tolerance limit set by the Board of Directors and four core components:

- Risk identification
- The risk appetite statement covered by a dedicated document
- Internal assessments of risks and Solvency Capital Requirements (see section B4)
- Risk management processes

The risk management process is defined by:

- Governance rules (covering the work of committees)
- Delegation of authority rules
- Standards and policies
- Oversight and whistleblowing procedures

It is supported by:

- A supervisory reporting process
- A process to track regulatory developments and Solvency II compliance issues

To support the establishment of an integrated risk management system within the La Banque Postale financial conglomerate, the following measures have been put in place:

- Information circuits have been established to ensure that any information received from whistleblowers is reported to La Banque Postale's Group Risk department as required La Banque Postale's Group Risk department is copied into any warnings issued by CNP Assurances' Group Risk department
- CNP Assurances Group's risk monitoring indicators have been incorporated into La Banque Postale's Risk Appetite Dashboard (RAD)

### 3.2 Governance

#### 3.2.1 The Group Risk Committee

**The Group Risk Committee** oversees risk governance and examines risk from a consolidated perspective. This committee is responsible for validating the risk-taking framework, the overall supervision of risks and the preparation of risk management files presented to the Board of Directors.

More specifically, it is responsible for overseeing the management of consolidated risks and setting high-level risk tolerance limits. It regularly tracks the Group's risk exposure, solvency capital, allocation and use of economic capital and risk consolidation by type of risk both on a static basis and by performing stress tests. It reviews the annual solvency assessment process and related financing requirements both at Group and subsidiary level. It also approves delegated exposure limits. It validates the risk assessment standards and methodologies. It also validates the policies, procedures and guidelines for monitoring and managing risks and solvency capital, drawing upon the work of committees set up to review specific risks (Insurance Business Underwriting Committee, Commitments Committee, Asset Risk Monitoring Committee, Group Investment Committee, Operational Risk and Internal Control Committee, etc.) and equivalent structures in the Group's subsidiaries.

Under the committee procedure, CNP Assurances' Chief Risk Officer participates in meetings of La Banque Postale's Group Risk Management Committee on at least a quarterly basis, and the Group Risk departments of La Banque Postale and CNP Assurances work closely together ahead of meetings of CNP Assurances' Group Risk Committee to ensure that the committee is fully apprised of La Banque Postale's opinion concerning proposed decisions.

### 3.2.2 The Insurance Business Underwriting Committee and the Commitments Committee

These committees oversee liability risk management.

**The Commitments Committee** is called upon in the event of an exception to the underwriting policy and/or a breach of limits and/or at the request of the head of the business unit or legal entity. The committee is tasked with validating risk acceptance in line with the risk appetite and the strategic guidelines issued by Executive Management. It authorises the writing of new business and may be consulted when a new product is being launched and also as part of the in-force business management process. It also deals with any urgent business concerning insurance risk that arises between two Group Risk Committee meetings.

**The Insurance Business Underwriting Committee** ensures the risk profile remains consistent with the Group's risk appetite at all times and that profitability is in line with expectations. It examines regulatory and market developments, key figures, management, profitability and risk indicators and defines and monitors the associated action plans.

This continuous monitoring of risk exposures ensures that CNP Assurances is able to act quickly to correct any deviation from its risk profile.

### 3.2.3 The Investment Committee, Asset Risk Monitoring Committee, Strategic Allocation Committee and ALM Committee

These committees oversee the asset risk management framework.

**The Group Investment Committee** oversees the asset risk acceptance process and approves investment files.

The Investment Committee uses the files received from the Investments department and the second-tier analysis performed by the Group Risk department teams.

In addition, to allow for an appropriate degree of integrated investment risk management at the level of the La Banque Postale financial conglomerate, La Banque Postale must be consulted concerning any investment or any adjustment of an investment limit that exceeds a certain ceiling. This procedure complies with the rules concerning financial conglomerates and responds to the need for additional oversight. The rules concerning financial conglomerates stipulate that relations and exchanges of information between members of the conglomerate must be carried out in a controlled and secure manner.

**The Group Asset Monitoring Committee** is responsible for monitoring the financial assets held by the CNP Assurances Group. It can also validate for a credit issuer/counterparty the opening, modification and suspension of individual limits (nature, amount and duration) as well as the sale of exposures to this entity.

**The Group Strategic Allocation Committee** determines asset allocations by asset class and sub-asset class, with regard to the risk appetite, the main asset risk indicators (market, concentration, credit, ESG risk, etc.) and the economic approaches defined by the Group ALM Committee.

**The Group ALM Committee** is responsible for validating the main ALM guidelines, overseeing the return objectives of significant portfolios, approving investment decisions made to remain within the risk appetite limits, validating and monitoring the year's issuance programme, and approving intra-group financing and/or refinancing operations.

### 3.2.4 Operational risk monitoring

A number of committees and applications have been deployed to closely monitor operational risk. Operational risk management focuses on safeguarding the Group's asset portfolio and preventing/containing losses resulting from inadequate or failed processes, people and systems. It enhances customer service quality and the Group's ability to fulfil its commitments to customers.

An Operational Risk and Internal Control Committee has been set up for each business unit and corporate function to track the main operational risks and decide on appropriate action plans to contain these risks as effectively as possible. The committee tracks key risk exposure indicators, studies the causes and impacts of the most significant reported incidents affecting the business unit or its subsidiaries (or the Group function), assesses the level of compliance with risk guidelines and policies and whether an incident or project has highlighted the need to revise the guidelines. It may submit the principle of such a revision to the Group Risk Committee if appropriate. It devises and monitors action plans and performs a review of any alerts issued during the period in response to major incidents.

### 3.2.5 Other risks

**The Climate and Biodiversity Risk Committee** is responsible for sharing information from the regulatory and market watch regarding risks related to climate change and biodiversity loss, be these physical, transition or liability risks, submitting analyses of risks related to climate change and biodiversity loss carried out as part of a) the investment activity, b) the insurance and reinsurance activity, or c) internal operations, identifying the actions to be taken with regard to the analysis carried out to measure, manage and reduce the risks related to climate change and biodiversity loss, and submitting an annual summary of its work to the Group Risk Committee, together with any recommendations/guidelines, so that the Group Risk Committee can verify that the management of risks related to climate change and biodiversity loss is properly integrated into the overall risk management framework at Group level.

## 3.3 Standards and policies

Risk management is governed by a set of policies and standards that frame routine risk management and monitoring processes.

These include:

- The risk management policies described in section C of this document (section D2 for the reserving policy):
  - The underwriting policies
  - The reserving policy
  - The investment risk policy and asset standards (including concentration standards, liquidity standards, currency risk standards)
  - The ALM risk management policy
  - The operational risk management policy
  - The reinsurance policy
  - The model risk management policy
- General policies, including own risk and solvency assessment policy (see section B4), capital management policy (see section E1) and data quality policy

### 3.4 Reporting

The Group Risk department prepares quarterly risk reports for Executive Management. The reporting process involves identifying key risk indicators and setting up data collection procedures. This quarterly report is also sent to the members of the Audit and Risks Committee and to the Risk department of La Banque Postale.

A monthly report, the Risk Appetite Dashboard, presents risk tracking indicators and also includes an update of the Risk Appetite Statement. The RAD is sent to La Banque Postale's Risk department.

The Group Risk department also produces the ORSA report each year (see section B4).

## B4 Own Risk and Solvency Assessment (ORSA)

The Own Risk and Solvency Assessment (ORSA) is a core component of the risk management system presented in section B3.

CNP Assurances' ORSA system is the same as that of the CNP Assurances Group. This is described below.

### 1. Overview of the ORSA process

The ORSA is a continuous risk management process that coordinates and consolidates all Group processes for identifying, measuring, managing, overseeing and reporting risks. The purpose of the ORSA is to:

- Deploy a strategic risk management process throughout the Group based on (i) the definition, implementation and monitoring of policies for managing underwriting, investment and other risks, and (ii) the execution of qualitative and/or quantitative risk analyses prior to any strategic risk acceptance decisions likely to significantly affect the risk profile, including:
  - Routine strategic decisions for which the ORSA is taken into account:
    - Macro-decisions defining the framework for the projection of business volumes, medium-term capital management planning, strategic asset allocation and hedging frameworks that are drawn up during the prospective ORSA process and are based *inter alia* on an analysis of ORSA impacts
    - At a more granular level: product launches and upgrades and underwriting policies. The Group Risk department has developed and made various tools available to the business units, enabling them to independently measure the return on ORSA capital. These tools help them to take ownership of the metric in question, which is central to commitment decisions
  - One-off strategic decisions or events that significantly impact the Group's risk profile, such as acquisitions/divestments of insurance businesses and the launch of new businesses or major new products
- Decisions designed to ensure compliance with the Group's risk tolerance limit through an ORSA capital allocation system and a system to regularly monitor the business using risk indicators and business reviews prepared in conjunction with the business units and subsidiaries

The results of the ORSA process are summarised in the annual ORSA report. This report may be updated during the year in the event of a material change in the Group's risk profile.



## 2. Prospective own risk and solvency assessment framework

The Board of Directors has issued a written statement setting out the risk tolerance limit applicable to the entire prospective Group own risk and solvency assessment. The risk tolerance limit is set in response to the need to ensure that the Group's consolidated risks do not lead to the SCR coverage ratio falling below a certain threshold in the event of unfavourable developments affecting the main risk factors.

The unfavourable developments taken into account serve to measure the cumulative impact of stresses on the main financial, technical and operational risk factors to which the Group is exposed. These stresses are calibrated based for the most part on an analysis of historical data. Calibration of stresses on financial risk factors serves to define absolute stress levels in order to provide the stability needed to manage the Group's solvency over the medium-term.

The risk factors taken into account in the assessment include the Group's own risk factors over and above those identified for regulatory purposes, which are presented in the ORSA report.

The assessment of CNP Assurances' overall solvency needs takes into account macro-economic forecasts and long-term business growth projections. In this way, the Group's own risks are taken into account prospectively through the inclusion of projections and the risk tolerance limit.

Annual Solvency Capital Requirement calculations lead to an ORSA-based allocation of capital. This allocation is a core component of the Group's risk management system:

- It reflects the risk exposure of each entity/business unit/business segment
- It provides an economic vision of risk diversification between the various business segments/entities
- It provides a means of ensuring compliance with the Group's risk tolerance limit

A system is set up to track uses of capital during the year in order to ensure that they do not exceed the capital allocated to the business unit or business segment concerned and also that CNP Assurances' risk tolerance is not exceeded.

To this end, the system is used to:

- Determine the ORSA solvency coverage ratio and capital use at quarterly intervals, taking into account:
  - The volume of insurance obligations recorded in liabilities by the business units
  - The investments and hedging instruments purchased by the Investments department
  - Strategic decisions that have a material impact on the risk profile
- Identify the source of any over/under-use of ORSA capital, in order to adjust exposure levels/volumes as necessary

### 3. Prospective ORSA process

The prospective own risk and solvency assessment is performed annually as part of the business planning process for which the main priorities are set by Executive Management and then communicated to the various business units throughout the Group, covering both business development and investment strategy.

The results are presented for approval to Executive Management and to the units in charge of the Group's various businesses. The summarised data is included in the ORSA report submitted to the Board of Directors for approval and sent to the insurance supervisor (ACPR).

The assessment is based primarily on regulatory capital measurement tools and calculations, which are subject to data quality controls. A process-led ORSA analysis and control plan is deployed to further improve the quality of the calculations.

In the rare cases where the risk profile or strategic priorities change, the decision may be made to perform a new prospective ORSA.

# B5 Internal control system and Compliance function

## 1. Internal control system

### 1.1 Description of the internal control system

The main protagonists in risk management and internal control are, at the highest level in CNP Assurances, the Board of Directors, the Audit and Risks Committee and Executive Management.

The system is built around a reference framework comprising internal delegations of authority and the fundamental principles set out in documents such as the internal control policy and the code of conduct.

Controls are performed at several levels:

- First-level controls are set up by each operating or corporate department to manage the risks associated with their activities
- The second level of control (risk oversight) covers the key functions identified in Solvency II (Risk Management, Compliance and Actuarial functions) and the permanent control system
- Level three controls (periodic controls) performed by the internal auditors

Regular coordination meetings are organised between the control functions (Risk Management, Compliance, Actuarial and Internal Audit).

### System of permanent controls

The permanent control system consists of continuously assessing operational risks and level one and two controls performed within each business process. It provides assurance that the policies defined by the Group are duly applied.

The cornerstones of the system, which interacts with the operational risk management policy, are as follows:

- The CNP Assurances **process manual**, which describes the sequence of activities in each business process
- The **operational risk map**, which highlights the risks representing permanent control priorities

The system in place consists of an annual assessment of how well the individual operational risks inherent in each process are managed. The assessment is based on regular reviews of controls over the risks inherent in the activities making up each process.

Two categories of risks are covered:

- **Non-critical risks and controls** identified by the businesses through a bottom-up approach, that are taken into account for operational management purposes
- **Critical risks and controls** identified by Executive Management through a top-down approach, which are taken into account by the business units' Management Committees and the CNP Assurances key group functions

Data are input into the system by the operating departments (or businesses). The system is managed by the internal control teams, who are responsible for ensuring the completeness and integrity of the data.

Based on these identified risks and controls, the system of permanent controls is organised around an assessment cycle comprising four successive stages:



*Chart 1: The four stages of the permanent control assessment cycle*

To encourage the businesses to take ownership of the system, the risk management assessment is organised around self-assessments performed by the businesses on level one controls and tests performed by the internal control teams.

- **Control self-assessment:**
  - The self-assessment is performed using a standard questionnaire that asks respondents to assess the quality of risk coverage from three angles: (i) the control's design in relation to the risk, (ii) the level of documentation of the control procedure, and (iii) evidencing of the controls, including the resolution of any identified weaknesses, where applicable
  - A quality review is performed to check the consistency of the self-assessments
- **Certification tests** (only for critical risks and controls): in addition to consistency tests through reliability tests, certifications are also performed each year using a risk materiality approach. This consists of checking that each control has been assessed based on the way it works in practice by certifying the information used for the self-assessment
- **Residual risk rating:** risks are rated based on their potential impact and probability of occurrence. The four ratings are: Critical, High, Moderate and Low
  - The gross risk corresponds to the "spontaneous" risk in the absence of any risk management measures
  - Risk management measures are all the governance, organisation, reporting, IT, human resources and other measures deployed to reduce the gross risk
  - The residual risk takes into account the effectiveness of existing control and risk management processes
  - The target residual risk is the residual risk tolerated by the Group, beyond which risk management measures must be defined
- **Actions to improve the effectiveness of the controls:** action plans targeting control weaknesses are drawn up by the business concerned. These actions are implemented jointly with the internal control teams (to determine the methodological framework, objectives and level of priority). Progress is reviewed on a quarterly basis. The businesses are encouraged to implement simplified stop-gap procedures addressing control weaknesses pending completion of the related action plans to improve control effectiveness

In 2023, the Group Risk department continued to implement the transformation plan for its internal organisation at an operational level in order to respond to changes in its environment and continue to strengthen the permanent control system. There were three factors behind this transformation:

- Compliance with the requirements of the European Central Bank (ECB), which supervises the new financial conglomerate formed with La Banque Postale, and alignment with the recommendations of the European Banking Authority (EBA)
- Convergence with the organisation of La Banque Postale's permanent control system
- The acceleration of the international development of CNP Assurances

This transformation, which began in the second half of 2021, was gradually scaled up in 2022 and 2023.

Following the change in ownership of CNP Assurances (which has become a subsidiary of La Banque Postale), the current permanent control system is likely to change.

## 2. Compliance function

### 2.1 Structure, role and responsibilities

CNP Assurances' compliance organisation and verification system refers to best practices in this area and is in line with Directive 2009/138/EC of 25 November 2009 on the taking up and pursuit of insurance and reinsurance activities (the "Solvency 2 Directive"), formalised in a compliance policy in line with the Group compliance policy.

Effectively managing compliance issues is key to earning the trust not only of policyholders and insureds, but also of distribution partners. Their trust is essential to drive business growth and promote shared values.

#### Compliance policy and organisation

The CNP Assurances compliance policy applies to CNP Assurances in accordance with the CNP Assurances Holding Group compliance policy. It is updated each year to take into account regulatory changes, changes in application scope and the updated Compliance plan for the coming year. The updated policy is submitted to the Board of Directors for approval.

The Compliance policy is distributed to managers and all compliance officers within CNP Assurances. It is also available for consultation by all employees on the Group Compliance department's intranet and is the subject of presentations whenever it is amended.

The Compliance policy is supported by a set of specific policies on compliance issues that were reviewed in 2023, such as bribery and corruption, influence peddling, conflicts of interest, data protection, anti-money laundering and counter-terrorist financing, financial sanctions, gifts and inducements, product governance, competition and fraud.

#### Compliance function scope, role and responsibilities

The Compliance function is responsible for ensuring that CNP Assurances' insurance and reinsurance businesses comply with all applicable laws, regulations and standards, and with internal rules. It detects, identifies and assesses compliance risks, issues warnings about actual or potential breaches, and provides advice in the following main areas:

- Governance:
  - Operational implementation of regulatory obligations
  - Consideration of compliance aspects, particularly for acquisitions
- Professional ethics and ethics: professional secrecy and confidentiality, prevention and management of conflicts of interest and insider trading, combating corruption and influence peddling, whistleblowing system, combating fraud with underlying offences: prevention, detection and management of potential fraud, investigations in the event of suspected fraud, determination of corrective measures in the event of proven fraud. For the activities of CNP Assurances' head office, the Compliance department does not handle cases of insurance misrepresentation where there are no underlying offences: the business lines concerned are responsible for detecting and managing these cases

- Client protection: knowledge and assessment of client needs, duty to advise and inform, complaint processing, sales incentive practices
- Marketing practices: approval of advertising and marketing documents, alignment of products with target clients, policy marketing rules
- Anti-money laundering and counter-terrorist financing (AML-CFT), compliance with financial sanctions: risk mapping, risk classification, specific corpus of procedures, KYC and customer assessment with regard to AML-CFT risks, monitoring of customer transactions according to customer risk profiles, management of asset freezes and economic sanctions or embargoes, opinion on complex new business relationships, implementation of additional due diligence and appropriate monitoring for customers who are Politically Exposed Persons (PEPs) or have ties with Financial Action Task Force/Very High-Risk Third Countries (FATF/HRTC), detection of unusual transactions, reporting of suspicious transactions to Tracfin and reporting to the French Public Prosecutor
- Protection of personal data: approval of data collection documents and contracts, analysis of data processing risks, encryption of sensitive data, management of requests to access, rectify, delete or oppose the processing of personal data

Issues relating to financial communications, corporate life and labour laws are monitored by dedicated functions whose managers ensure that they have the necessary resources, expertise and independence. The Compliance function may nevertheless be asked to provide opinions on these issues.

To effectively fulfil the above responsibilities, the Compliance function also trains employees on key issues related specifically to CNP Assurances' businesses and skill sets, and conducts regular communication and awareness-raising initiatives.

The interaction between these activities ensures the compliance system's robustness across the Group.

## Compliance processes

The CNP Assurances Compliance function coordinates and performs second-level controls that complement the system of permanent controls. In order to ensure compliance, it oversees Compliance risks and related controls, contributing in this way to strengthening the risk management system. To avoid the occurrence of any conflicts of interests, the Compliance department does not play any direct operational role in the company's business activities.

The Compliance department adapts the Group Code of Conduct and compliance policies, standards and procedures. It supports line managers in structuring their own compliance rules and expresses an opinion on matters submitted to it for review.

As part of the reporting and advisory role, the Chief Compliance Officer submits regular reports to the Chief Executive Officer and the Chairwoman of the Board of Directors as well as to the Executive Committee. The Group Chief Compliance Officer reports directly to CNP Assurances Group's Chief Executive Officer and functionally to the La Banque Postale Group's Chief Compliance Officer.

The Chief Compliance Officer prepares an annual report on all compliance issues, which is presented to the Chief Executive Officer, the Chairwoman of the Board of Directors and the Audit and Risks Committee.

The Chief Compliance Officer is declared to the supervisor (ACPR) as being responsible for the compliance function. He is also responsible for the anti-money laundering and counter-terrorist financing control system, is the Tracfin reporting person/correspondent, and is authorised by the Chief Compliance Officer to validate new business relationships and ongoing business relationships with PEP clients or those having ties with an FATF High-Risk Third Country.

The Head of Financial Security is responsible for the implementation of the AML-CFT system, declared to the ACPR. He is also a Tracfin reporting person/correspondent. He has a sub-delegation from the Chief Compliance Officer to

validate new business relationships and ongoing business relationships with PEP clients or those having ties with an FATF High-Risk Third Country.

The Group Chief Compliance Officer is also CNP Assurances Group's Ethics Officer and is responsible for the anti-corruption system.

The Group Compliance department maintains close ties with the Legal department, the Group Risk department and the Group Internal Audit department.

The Group Compliance department's team is supported by compliance officers appointed in each business unit and corporate department. These officers are the first point of contact of the head office-based Group Compliance department and cover three areas: compliance, financial security and data protection.

As the interface between the Group Compliance department and their local structure, they prepare descriptions of their unit's transaction processing procedures, and ensure that the procedures are communicated to employees and implemented in accordance with the applicable regulations and the Group's internal principles. They also draw up action plans to achieve any necessary improvements.

## 2.2 Significant events of 2023

In 2023, the Group Compliance department continued to align its work with its associated groups (Caisse des Dépôts Group, La Poste and La Banque Postale) and strengthened the management of compliance topics with its French and international subsidiaries.

The focus was on:

- The review of the corpus of procedures following the creation of CNP Assurances Holding
- Updating the framework procedures for the Group's AML-CFT and financial sanctions policies and the classification of anti-money laundering and counter-terrorist financing risks for CNP Assurances head office
- The performance of CNP Assurances' controls on personal data protection according to the control plan defined, with improved results
- The updating of the Group procedure for collecting and handling whistleblowing alerts to include regulatory changes regarding the protection of whistleblowers and obligations relating to the French law on the duty of care
- The third-party integrity assessment was carried out in 2023
- The review of inducements with all life insurance product distribution partners in accordance with the European Insurance Distribution Directive (IDD)
- Continued know your customer (KYC) campaigns aimed at improving the completeness of data essential to the efficiency of its financial security tools. The enhancement of these tools' functionalities also continued
- The review of the Group's zero tolerance anti-fraud policy, reflected in the filing of a complaint for all cases of proven fraud

All of this work is accompanied by training programmes on the various compliance topics for staff based at the headquarters and in the subsidiaries.

In order to carry out its work and ensure that it complies with the directives issued by the supervisory authorities, the Compliance department has regular discussions with them (AFA, CNIL, ACPR), particularly during the industry consultations organised by the supervisors. It also participates actively and regularly in the various open think tanks organised by the French Insurers' Federation, France Assureurs (FA).

## B6 Internal Audit function

### 1. Scope of the function's activities

The scope of the Group Internal Audit department covers activities all business processes, including those that are delegated or outsourced.

The internal audit processes are certified by the French chapter of the Institute of Internal Auditors (IFACI) and comply with the Institute of Internal Auditors' (IIA) international standards. Compliance with these standards is assessed annually and certified every three years by IFACI Certification.

### 2. The Internal Audit function's independence and objectivity

The Head of Internal Audit:

- Reports hierarchically to CNP Assurances' Chief Executive Officer, providing details of the department's needs and a full account of the internal auditors' activities
- Reports functionally to the General Inspector of La Banque Postale Group
- Is the person who holds the Internal Audit key function under Solvency II and does not hold any other Solvency II key function
- Reports periodically to the Audit and Risks Committee of the Board of Directors. Submits the internal audit policy, programme and resources to the Board of Directors for approval and presents to the Board the annual report on internal audit activities for the year
- Provides the Audit and Risks Committee with detailed reports prepared after each internal audit

Internal auditors are assigned to audits in such a way as to avoid conflicts of interest or bias. At least one year must have elapsed before an internal auditor can be assigned to the audit of his or her previous area of responsibility.

The internal auditors do not contribute to implementing their recommendations. The related action plans are prepared and implemented by the audited units under their managers' sole responsibility.

### 3. Process for preparing the annual internal audit plan

The internal audit plan is aligned with the Group's strategic objectives and its competitive environment.

It is drawn up using a three-stage approach:

#### 1. Construct the audit universe

The audit universe consists of the risks inherent in the company's activities.

The activities are identified by combining different entities (and/or departments) and mega processes.

The resulting risks are assessed at four levels, from critical to low, and are listed in the Group risk mapping, which is the responsibility of the Group Risk department.

The risks identified are audit subjects to be covered over a period of five years.



To establish the audit plan for a given year, the audit universe is reduced by the inherent risks covered by audit assignments in the previous four years.

The audit subjects remaining to be covered in the five-year cycle are prioritised according to their rating and any external audits that may have been carried out.

The risk mapping, although regularly updated, may be deficient. At this stage, the audit universe is supplemented by the inherent risks that have been identified by various stakeholders:

- The control entities operating within the Group:
  - The statutory auditors
  - Supervisory authorities
  - The CNP Assurances Group departments that carry out various controls: key functions, CISO, subcontracting control function
  - The Group's periodic control bodies (Internal Audit of La Banque Postale, Audit department of La Poste Group, Audit department of Caisse des Dépôts)
  
- The Group's executive managers

## 2. Finalise the audit plan

Once the audit universe has been defined, three additional elements are taken into account to determine the company's audit plan:

- Coverage of subsidiaries for which Group internal audit provides the key audit function
- Coverage of foreign subsidiaries in respect of Group control
- The available resources of Internal Audit

Finally, a projection of the five-year audit plan is carried out to provide a forward-looking view of the work to be completed.

## 3. Validate the audit plan

**After coordination with the La Banque Postale's internal auditors**, the plan is proposed to the Chief Executive Officer and the Chair of the Board of Directors for discussion and prioritisation. It is then presented to the Executive Committee.

**It is, finally**, proposed to the Audit and Risks Committee before being submitted to the Board of Directors for approval.

The annual plan remains flexible to take into account changes in the company's resources and the economic, organisational, managerial and risk environment.

Any changes made during the year are explained in the annual review presented to the Audit and Risks Committee of the Board of Directors of CNP Assurances Holding.

## 4. Execution of internal audits

The different phases in the internal audit process are as follows:

- Engagement letter: signed by the Head of Internal Audit, the letter describes the scope, nature, objectives and expected duration of the audit
- Preparation, execution and conclusion: these three phases are devoted to identifying, analysing, assessing and documenting the internal auditors' observations, and drafting recommendations
- The assignment includes regular discussions with the audited structures to encourage dialogue and ensure that the assessment and corrective actions to be taken are understood. The engagement letter is systematically included in the review of recommendations dealt with in a previous audit.
- Deliverables from the process include:
  - A draft report containing the internal auditors' observations and recommendations, classified according to the estimated residual risk for the audited unit, business process or information system.
  - A final report including with the audited structures' responses to the audit recommendations (action plans, manager, deadline), and the auditor's comments on the proposed action plans (supporting documents expected).
- An audit opinion on the degree of control of the audited scope is included in the final report and is presented to the Audit and Risks Committee and the Board of Directors during the annual review. This opinion is expressed according to a scale of four levels: Satisfactory, Adequate, With reservations and Unsatisfactory
- Assignments carried out on subsidiaries give rise to an additional assessment of the residual risk borne by the Group, given the size of the subsidiary in question
- Critical, high and moderate risks are systematically addressed by priority recommendations 1, 2 and 3 respectively. The required action plans are defined by the auditees and monitored by the internal audit team
- Low criticality risks are the subject of a non-mandatory "recommendation" addressed to management, which directly manages their monitoring
- The audit work feeds the Group's risk mapping
- Follow-up of internal auditors' recommendations: Implementation of the internal auditors' recommendations is followed up based on the documents submitted by the unit concerned attesting to the action plan's status. If appropriate, the internal auditors may perform a follow-up audit on site. A "Recommendation progress report" is prepared every quarter for the Chief Executive Officer, the Executive Committee and the Audit and Risks Committee (as part of the review of activities). Any delays in implementing level 1 recommendations are explained. The Internal Audit department also monitors action plans to implement the recommendations/observations of the external auditors, the insurance supervisor and the Actuarial function
- Archiving: once the final report has been issued, the documents and working papers are archived by the internal auditors. The purpose of archiving is to ensure the traceability of audit files, to facilitate the consultation of documents by auditors during subsequent assignments and to allow the external evaluation of files to ensure compliance with professional standards (IFACI certification)

# B7 Actuarial function

## 1. Deployment of the Actuarial function

CNP Assurances SA has designated the person holding the key Actuarial function, whose roles and responsibilities have been defined in close alignment with the requirements of the applicable regulations.

The regulations stipulate that the Actuarial function must fulfil specific criteria in terms of competence and independence. The Actuarial function is required to be independent from the other functions and operating units. This means that, at CNP Assurances SA, the actuarial function reports to Executive Management.

The Chief Actuary, who is also in charge of the Group Finance department's financing programmes, is assisted by the IA standards, actuarial function and ethics department, which reports directly to him/her. In order to avoid any risk of conflict of interest, the department's employees are not involved in the operational activities related to the opinion they issue. The Chief Actuary has direct access to the Group's decision-making bodies to be able to fulfil the whistleblowing role.

The Chief Actuary's opinions are set out in the Actuarial Report submitted to the company's governing bodies and is approved by the Board of Directors.

## 2. Coordinate the calculation of technical reserves

The CNP Assurances SA Chief Actuary coordinates the calculation of technical reserves in compliance with the regulatory requirements of Solvency II. This work extended to IFRS 17 in 2023.

The Actuarial function assesses the internal control system's effectiveness and calibrates its own controls based on the results of the assessment.

Technical reserve calculations are subject to the following controls:

- The "first line of defence" corresponds to first-level controls performed by the teams responsible for determining technical reserves
- The "second line of defence" is provided by the Actuarial function, which performs second-level controls

The Actuarial function deals directly with the insurance supervisor during the supervisor's audits of technical reserves.

## 3. Assess the completeness and quality of data

The Actuarial function is responsible for assessing the quality of the data used to calculate technical reserves, in terms of its accuracy, completeness and relevance. To fulfil this responsibility, it uses a data measurement and quality control plan aligned with the Group's prudential reserving policy and policy for managing data quality. This plan is monitored and implemented as part of a Group process coordinated by the Group Risk Management function.

The process is based on:

- A permanent file comprising a data register, a description of control procedures and a map of data flows
- A certificate summarising the data quality assessment, that establishes a link with the operational controls

- A continuous improvement plan to address weaknesses identified during previous analyses performed by the function and by external or internal auditors

This system is deployed throughout CNP Assurances SA in accordance with the reserving policy.

Material observed weaknesses or opportunities for improvement are described in the Actuarial Report, which also describes the main steps taken to guarantee data completeness and quality.

## 4. Ensure appropriateness of methods, underlying models and assumptions

The Actuarial function ensures that technical reserves are calculated in an informed, reliable and objective manner. It obtains assurance that:

- Models are proportionate to the nature, size and complexity of the underlying risks and are correctly used
- The assumptions are justified
- The data are comprehensive and of sufficient quality

In addition, the Actuarial function sets up processes and procedures to backtest Solvency II technical reserves and the underlying assumptions based on actual experience. Backtesting is performed at least once a year.

The Actuarial function's report highlights the main inherent weaknesses and sources of uncertainty affecting the determination of technical reserves, and describes the analyses performed by the function during the year. These weaknesses and the related corrective action are monitored by the IA standards, actuarial function and ethics department and by the Internal Audit department.

The new actuarial methods and assumptions used at each period-end are presented to the dedicated committees.

In accordance with the prudential provisioning policy, CNP Assurances SA prepares a report on the validation of laws and assumptions used in the calculation of prudential technical reserves, endorsed by Executive Management and incorporating an opinion from the actuarial function. This report also makes it possible to monitor the materiality and review frequency of assumptions. A plan is in place for the updating of the validation report, which aims, for each assumption, to:

- Define a list of quantitative studies, sensitivity tests or controls on relevant expected variables, and
- Set an update frequency and order of priority

## 5. Opinion on the overall underwriting policy

The Actuarial function intervenes in the underwriting process to obtain assurance that the quality of new business is aligned with CNP Assurances' risk tolerance limit and will not lead to any future erosion of its own funds. It issues an opinion on the underwriting policy in the Actuarial function report, based on regular reviews of the underwriting process performed during the year and evidenced by formal recommendations and the function's own research. It also issues ad hoc opinions on the files presented to the Commitments Committee where the final subscription decision is taken by General Management in accordance with the principles defined by the subscription policy.

## 6. Opinion on the adequacy of reinsurance arrangements

The Actuarial function intervenes in CNP Assurances SA's outward reinsurance process to obtain assurance that purchased reinsurance cover is proportionate, justified and effective, taking into account the Company's risk tolerance limit. Its opinion on reinsurance programmes is based on regular reviews of the reinsurance process and recommendations issued and research carried out in this area.

## 7. Participation in the risk management system

The Actuarial function participates actively in the risk management system. Its contribution mainly concerns the following aspects:

- Coordinating the technical reserve calculations, also used by the Risk department
- Participating in controls over the techniques used to prepare the ORSA
- Making recommendations during meetings of the various committees that deal with risk-related issues

# B8 Outsourcing

## 1. Outsourcing policy

### 1.1 Objectives and scope

The outsourcing policy describes the rules applicable to outsourcing activities conducted under the responsibility of the Outsourcing Director who reports to the Group Secretary General. The policy's operational roll-out and implementation are the responsibility, in their respective areas, of the heads of the business units and Group functions.

CNP Assurances' outsourcing policy is approved by the Board of Directors.

The outsourcing policy has been drawn up in application of the Solvency II Directive. It complies with the measures approved by the European Parliament, which underscore the requirements for outsourced activities:

- **Article 38:** the insurer guarantees access by the supervisor to data on the outsourced activities so that the activities can be supervised
- **Article 41:** the insurer has a formal outsourcing policy
- **Article 49:** the insurer retains responsibility for compliance with the directive's requirements of any outsourced activities

It is also aligned with the European General Data Protection Regulation, which requires contractors to fulfil a certain number of obligations, and with the "EIOPA-BoS-20-002" Guidelines of 31 January 2020 relating to outsourcing to cloud service providers, issued by EIOPA, which determines a framework of specific obligations for outsourcing to cloud service providers.

Outsourcing is defined as the execution by a third party of a service or activity that is part of CNP Assurances' business model and would otherwise be performed in-house.

Subcontracting also covers certain specific cases:

- The delegation of management of insurance contracts, including in the event of a partnership relationship. This is the case for the management service entrusted to a distributor partner, a business introducer, or a legal entity. However, the simple act of collecting premiums is not considered to be subcontracting
- Intra-group subcontracting: entrusting an activity or function to another Group entity

Solvency II requires special care to be taken when outsourcing critical or important<sup>19</sup> operational functions and activities. For CNP Assurances, this relates to:

- The delegated management of any of the key functions defined in Solvency II:
  - The Risk Management function
  - The Compliance function
  - The Internal Audit function
  - The Actuarial function
- Outsourcing of operational functions and activities that are essential for the continued operation of the business, or could, if they were altered or quality standards were not met, have a serious adverse effect

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<sup>19</sup> Definitions based on Directive 2009/138/EC "Solvency II", Government Order 2015-378 dated 2 April 2015, Decree 2015-513 dated 7 May 2015, and EIOPA guidelines.

on the continued delivery of a satisfactory quality of service to insureds, policyholders and beneficiaries and to reinsured companies

## 1.2 Committees

### 1.2.1 Outsourcing Commitments Committee

At the level of CNP Assurances, the Outsourcing Commitments Committee is led by the Outsourcing Director.

Its members include:

- The Group Secretary General
- The Group Chief Risk Officer
- The Customer Experience and Information Systems Director
- The Group Human Resources Director
- The Planning and Performance Director
- depending on the issues covered, the head of the business unit or the Group function concerned.

The committee reviews the project, checks whether it complies with the Group's outsourcing rules and policy, and issues a recommendation.

### 1.2.2 Outsourcing Qualification Committee

At the level of CNP Assurances, the Outsourcing Qualification Committee is led by the Outsourcing Director. Its members include:

- The head of operational risks and internal control (Group Risk department)
- The head of the corporate law unit of the Group Legal department)
- The Group Chief Compliance Officer
- The Data Protection Officer
- The head of the crisis management and business continuity unit
- The Chief Information Security Officer
- Depending on the issues covered, the head of the business unit or the Group function concerned

After reviewing the outsourcing qualification file prepared by the business unit or Group function, the committee determines whether the activity to be outsourced is critical, important, sensitive or normal.

### 1.2.3 Outsourcing Risk Approval Committee

The Outsourcing Risk Approval Committee is a La Banque Postale body that CNP Assurances must refer to for any new critical or important service covered by Solvency II regulations. The subsidiaries of CNP Assurances are not affected by this scheme.

CARE will issue an opinion on subcontracting with, if necessary, action plans to be put in place in order to reduce the residual risk.

### 1.2.4 Outsourcing Management Committee

At the level of CNP Assurances, the Outsourcing Management Committee is led by the Outsourcing Director. Its members include:

- The Group Secretary General
- The Group Chief Risk Officer
- The Group Human Resources Director
- The Planning and Performance Director
- Depending on the issues covered, the head of the business unit or the Group function concerned

Once a year, the committee holds a meeting for each business unit, Group function or contractor working for several business units and/or functions (including for cloud-based services).

Its role consists of overseeing all outsourced activities for the scope concerned and reviewing possible future developments concerning these activities.

### 1.2.5 The Operational Risk and Internal Control Committee

See section B5 for details concerning this Committee.

The committee's role includes monitoring outsourcing risks and changes in the coverage of outsourcing risks.

## 2. Outsourced critical and important functions and activities

CNP Assurances has mapped all outsourced functions and activities and identified those that are qualified as "critical and important".

It outsources (to a varying extent depending on the unit) certain critical or important functions and activities, as defined in Solvency II, in the areas of:

- Policy administration and customer relationship management
- Asset management
- Information systems management

Contractors responsible for outsourced activities qualified as critical or important are required to comply with French law.





C

**Risk  
profile**

## Risk overview

CNP Assurances' risks, as identified for the application of the Solvency II standard formula, are as follows:

### Net Solvency Capital Requirement (SCR) calculated on the basis of the standard formula at 31 December 2023

Risks identified for the application of the standard formula		In € millions	In % <sup>20</sup>
<b>Market risk</b>	<i>Interest rate risk</i>	<b>9,533</b>	52%
	<i>Equity risk</i>		
	<i>Property risk</i>		
	<i>Currency risk</i>		
	<i>Spread risk</i>		
	<i>Concentration risk</i>		
<b>Life underwriting risk</b>	<i>Mortality risk</i>	<b>5,122</b>	28%
	<i>Longevity risk</i>		
	<i>Disability-morbidity risk</i>		
	<i>Lapse (surrender) risk</i>		
	<i>Life expense risk</i>		
	<i>Life catastrophe risk</i>		
<b>Health underwriting risk</b>	<i>SLT<sup>21</sup> Health underwriting risk</i>	<b>1,280</b>	7%
	<i>NSLT<sup>22</sup> Health underwriting risk</i>		
	<i>Health catastrophe risk</i>		
<b>Non-life underwriting risk</b>		<b>0</b>	0%
<b>Counterparty default risk</b>		<b>1,409</b>	8%
<b>Intangible asset risk</b>		<b>0</b>	0%
<b>Operational risk</b>		<b>1,081</b>	6%

As this risk profile shows, CNP Assurances' primary exposure is to market risk, which accounts for just over half of the Solvency Capital Requirement (SCR), and its exposure to underwriting risk arises mainly from the life business.

Risks are mitigated by the diversification effect, which is estimated at 26% based on the following formula: (sum of net SCRs excluding operational risk SCR - net basic SCR)/sum of net SCRs excluding operational risk SCR.

<sup>20</sup> Percentage of the sum of the SCRs by risk

<sup>21</sup> SLT Health = health obligations assigned to the lines of business for life insurance

<sup>22</sup> NSLT Health = health obligations assigned to the lines of business for non-life insurance

# C1 Underwriting risk

Underwriting risk, as identified for the application of the Solvency II standard formula, is as follows:

**Net SCR at  
31/12/2023**

Risks identified for the application of the standard formula		In € millions	In %
<b>Underwriting risk in life</b>	<i>Mortality risk</i>	<b>5,122</b>	28%
	<i>Longevity risk</i>		
	<i>Disability-morbidity risk</i>		
	<i>Lapse (surrender) risk</i>		
	<i>Life expense risk</i>		
	<i>Life catastrophe risk</i>		
	<i>Revision risk</i>		
<b>Underwriting risk in health</b>	<i>SLT Health lapse (surrender) risk</i>	<b>1,280</b>	7%
	<i>Health expense risk</i>		
	<i>Health mortality risk</i>		
	<i>Health longevity risk</i>		
	<i>Health disability-morbidity risk</i>		
	<i>Health revision risk</i>		
	<i>NSLT Health lapse (surrender) risk</i>		
<i>NSLT Health premium and reserve risk</i>			
<b>Underwriting risk in non-life</b>	<i>Health catastrophe risk</i>	<b>0</b>	0%
	<i>Non-life catastrophe risk</i>		
	<i>Non-life premium and reserve risk</i>		
	<i>Non-life lapse (surrender) risk</i>		

## 1. Description of the main risks

### 1.1 Surrender or cancellation risk

Surrender risk is defined as the risk of loss or adverse change in the value of insurance liabilities resulting from a change in policyholder surrender behaviour (lapse, renewal, surrender).

This risk can cover the permanent change in the surrender rates observed, the massive and one-off surrender rate and the incorrect estimate of surrender rates. Two types of surrender can be modelled: structural surrenders, intrinsic to activity (surrender that depends on the characteristics of the policyholders in the portfolio) and cyclical surrenders (which depend on the economic or regulatory environment).

Traditional savings contracts include an early surrender option for a contractually fixed amount. Surrender rates depend on how the financial markets perform, the yield offered by other competing financial products, policyholders' behaviour and their confidence in CNP Assurances, and the tax rules applicable to investments in life insurance products. A wave of surrenders could impact earnings or even solvency in extreme conditions.

High surrender rates on unit-linked contracts are also unwelcome, to the extent that they lead to a loss of future profits.

Concerning traditional savings products with a unit-linked formula, there is a risk of policyholders transferring their savings from unit-linked funds to the traditional fund. This is unfavourable for the Group due to the risk of losses on these funds in the current low interest rate environment.

For group pensions contracts, surrender risk corresponds to the risk of the subscriber requesting the policy be transferred.

For PER pension savings contracts, if policyholders choose to receive a lump sum on retirement rather than annuities, this may have an adverse effect on CNP Assurances' future margins, with a decrease in the longevity risk in exchange.

For term creditor insurance, surrender risk includes the risk of a contract being surrendered due to the early repayment or renegotiation of the underlying loan (which is more likely in a period of falling interest rates) or the contract's cancellation. The existence of unanticipated surrenders alters the duration of contracts and can penalise their profitability.

## 1.2 Morbidity risk (temporary and permanent disability, long-term care insurance)

Morbidity risk is defined as the risk of loss or of an adverse change in the value of insurance liabilities resulting from fluctuations affecting the level, trend or volatility of disability, sickness and morbidity rates.

Personal risk/protection and term creditor insurance contracts comprise various types of temporary or permanent disability and long-term care cover. These guarantees expose the Group to morbidity risks. Morbidity risk arises when there is an increase in the incidence or duration of sick leave or long-term care needs. It also includes the risk of an increase in healthcare costs.

## 1.3 Mortality risk

Mortality risk is defined as the risk of loss or of an adverse change in the value of insurance liabilities resulting from an increase in mortality rates compared to projections.

The Group is exposed to mortality risk on the death cover included in most of its personal risk and term creditor insurance policies.

In addition, an increase in the mortality rate would reduce future margins on the Savings business and could have an adverse impact on the Group's financial position. Some unit-linked contracts also include death cover. The combination of less favourable financial market conditions and higher-than-expected mortality rates would erode margins on these contracts.

## 1.4 Longevity risk

Longevity risk is a risk of long-term loss, which corresponds to the financial risk on insurance liabilities associated with the fact that individuals live on average significantly longer than expected.

The Group is exposed to longevity risk, in particular on its portfolio of annuities in payment. Pension contracts are logically and more specifically exposed to the risk of a lasting increase in policyholder longevity.

## 1.5 Expense risk

Expense risk is defined as the risk of loss or of an adverse change in the value of liabilities related to changes in expenses incurred for the management of insurance or reinsurance contracts.

Expense risk may materialise if costs deviate from the original budget. The main expense items are employee benefits, IT costs, office rent and sales commissions.

## 1.6 Catastrophe risk

Catastrophe risk is the risk of loss or of an adverse change in the value of insurance liabilities due to the occurrence of extreme, uncertain and irregular events causing serious harm to insured persons and/or property, the origin of which may be a natural phenomenon, human intervention or a combination of both.

Catastrophe scenarios (particularly pandemic risks) can have an adverse effect on death cover provided under all Group policies and disability cover provided under term creditor insurance, employee benefits and personal risk policies. Healthcare costs could also rise sharply, for example in the case of a pandemic. The Brazilian subsidiary is also exposed to natural catastrophe risk on its home-owner's insurance business.

## 1.7 Non-life premium and reserve risk

Non-life premium and reserve risk is the risk of loss or of an adverse change in the value of insurance liabilities resulting from fluctuations affecting the date of occurrence, frequency, and severity of insured events and the amount of claims settlements.

These risks arise from cover provided under non-life policies such as unemployment cover, comprehensive home-owner's insurance, health insurance and the financial guarantee insurance written by CNP Caution.

Exposure to unemployment risk covered by term creditor insurance contracts in France is limited, due to the fairly small number of contracts that include unemployment cover, the application of a deductible and the time-limit on the payment of benefits.

## 1.8 Financial risk generated by underwriting activities

The insurance policies sold by the Group generate financial risks.

This is the case, in particular, for traditional savings contracts that include a capital guarantee and, even more so, for contracts with a guaranteed DPF. In the event of a decline in investment yields, the Group would be exposed to a risk of being unable to fund these guarantees or even cover the policy administration costs.

Pension contracts present a risk of asset yields falling below the valuation rate of interest used in the pricing model.

In addition, personal risk policies also create financial risks for cover with a relatively long benefit payment periods (e.g. long-term care) because part of the related profit is derived from the investment income generated during the benefit payment period and may be adversely affected by unfavourable financial market trends (such as declining interest rates).

Lastly, the Group is exposed to a transformation risk, corresponding to the risk of not meeting the business plan targets with respect to the rise in the UL portion of new money, as well as the risk of delays in launching products in support of the transformation of euro assets.

## 2. Changes during the period

### 2.1 Business environment and development

The main changes in the underwriting activity are presented in section A2 of this report.

In the Borrower segment, the surrender rate fell slightly in 2023 as a result of a sharp fall in loan renegotiations due to the rise in borrowing rates, which was offset by an increase in the termination rate following the entry into force of the Lemoine law which allows contracts to be terminated at any time.

In the pensions segment, the capital withdrawal risk increased with successive rises in the threshold for non-registrable annuities to €100 and then to €110.

The observed death rate stabilised in 2023 for the Savings portfolio. However, in the term creditor and personal risk segments, the loss ratio increased slightly.

### 2.2 Change in pension savings commitments in France

In 2023, the situation of rising European interest rates led the Group to define a strategy for protecting savings commitments in France and Italy with the aim of adapting the products offered to the insured with a view to achieving a return.

In France, surrender rates rose in 2023, but the rates observed remain below those of the market as a whole. The profit-sharing distribution policy has been adapted in this new economic environment to be in line with market expectations and thus support inflows and limit surrender risk. Furthermore, the monitoring of surrender risk has been strengthened with a framework to anticipate the occurrence of the risk in the event of a deviation in the portfolio's surrender levels. The implementation of a sales campaign also limited surrenders and underpinned inflows.

The strategy of adapting to sustainability issues continued with the launch of a new growth fund, distributed by LBP and with a minimum share of 50% of sustainable investments, as well as bond issues at BPCE and La Banque Postale. CNP Assurances ramped up its open architecture development in the wealth customer segment by launching CNP ALYSÉS, a platform for individual financial advisors.

In 2023, CNP Assurances and Groupama Gan Vie agreed on the termination of the reinsurance treaty with Groupama Gan Vie. The Préfon-Retraite scheme, insured by CNP Retraite, was previously reinsured with Axa, Groupama Gan Vie and Allianz. CNP Assurances' quota share increased from 37% to 58%. The change has been effective since 1 January 2024.

### 2.3 Regulatory changes in Europe

The EIOPA and European regulators continue to pay increasing attention to credit insurance products, particularly with regard to commission levels, sales practices and customer satisfaction.

- Regulatory changes related to this type of product were initiated in 2022, including the introduction of a fee cap for term creditor products in Germany and Poland. These changes required considerable work to adapt products in 2022, which continued in 2023.

## 3. Underwriting policies and oversight system

### 3.1 Underwriting process

The underwriting process gives the various business units a clearly-defined, shared risk-taking framework. It facilitates individual decisions and the seamless use of delegations of underwriting authority.

Underwriting policies specify the risks that the Group has decided to insure or not to insure, and describe any specific conditions applicable in each case. The policies may set maximum underwriting volumes for certain risks or types of cover.

They stipulate the limits on underwriting volumes that may be entered into by the business units under the delegations of underwriting authority from the Underwriting Committee and the corporate functions, as well as the limits applicable to the units' own internal delegations of underwriting authority. Contracts can be underwritten at each level up to the limit of the related delegation of underwriting authority. Any departure from the rules specified in the underwriting policies must be submitted to the corporate functions so that it may be discussed at the next Underwriting Committee meeting.

The CNP Assurances underwriting policies include:

- Underwriting standards
- Pricing standards
- A description of the internal controls applied by the operating units to guarantee compliance with underwriting procedures
- A description of the periodic reports required by the Risk department to enable it to obtain assurance concerning compliance with underwriting policies

In 2022, in reference to the Delegated Regulation (EU) 2021/1256 of the European Commission amending Delegated Regulation (EU) 2015/35, the request for analysis of sustainability risks was introduced in the Group's underwriting policy as part of the underwriting processes.

### 3.2 Insurance Business Underwriting Committee

The Insurance Business Underwriting Committee is tasked with identifying and tracking underwriting risk. Its activities are described in detail in section B3.

### 3.3 Underwriting risk reporting

#### 3.3.1 Principles

Quarterly underwriting risk reports are prepared, covering the CNP Assurances Group's most material risks. These include surrender, morbidity (analysed by type of cover: temporary and permanent disability, health and long-term care), mortality, longevity and unemployment risks and risks related to Savings/Pensions financial options and guarantees (capital guarantees, guaranteed yield and transfer options). Focus reports may also be prepared on emerging risks, newly introduced products and strategic growth priorities. The market's view of topical issues or recent publications is also included.

The underwriting risk reports are used to detect any deviations from CNP Assurances' risk profile to be submitted to the Underwriting Risk Committee and also to commission detailed analyses from the business units and Group functions, which may be asked to step up their monitoring of certain risks and/or to make recommendations.

### 3.3.2 Tracking indicators

The underwriting risk reporting system is organised by risk and includes:

- Risk measurement indicators, which notably include:
  - Surrender/cancellation rates, transfers between traditional and unit-linked funds, term creditor insurance cancellation rates
  - Mortality rates, death benefit rates
  - Loss ratios, by claim year, by type of contract and by guarantee
  - Number of claims, average duration of claims
- Risk profile tracking indicators, which break down premium income or mathematical reserves based on discriminating risk deviation factors. These discriminating factors may consist, for example in the Savings business, of the amount of the policyholder's savings, the age of the policy or the level of the capital guarantee

## 4. Risk mitigation

### 4.1 Monitoring and corrective action

The underwriting process and oversight system described above represent the main risk mitigation factor, because they enable the Group to closely monitor risks, implement corrective action or adjust the levels of cover in order to keep loss ratios under control in the employee benefits plan, long-term care insurance and group pensions segments.

### 4.2 Reinsurance mechanisms

The Group reinsurance policy describes the governance of ceded risks. It sets out the roles and responsibilities of the departments involved in reinsurance activities, as well as specifying the decision-making bodies (i.e., mainly the Reinsurance Risk Committee).

The Group reinsurance policy also establishes the framework for defining the reinsurance programme. The fundamental aim of the reinsurance programme is to ensure that EBIT does not fall below a certain level, even following the occurrence of adverse scenarios. The policy is reviewed and, if necessary, adjusted every year.

CNP Assurances' insurance liabilities are covered by non-proportional reinsurance treaties, such as excess of loss per risk treaties for large insured amounts, and excess of loss per occurrence cover of the type offered by the Bureau Commun d'Assurances Collectives (BCAC) catastrophe insurance pool.

The annual reinsurance plan is approved each year by the Insurance Business Underwriting Committee.

Regarding pandemic risk, coverage was reviewed in 2020 in light of the Covid-19 crisis.

Beginning on 1 January 2021, the pandemic coverage was extended with the underwriting of an additional tranche allowing cover up to an excess mortality rate of 0.15% with the total reinsurers' commitment amounting to €315 million.



The review of the structure of this cover in 2023 confirmed the need for reinsurance for the underlying risk by qualifying the materiality of a pandemic scenario on EBIT. This coverage was therefore renewed on the same terms in 2024.

Following the integration of La Banque Postale Assurances and CNP Assurances and the creation of CNP Assurances Holding, the CNP Assurances Group has become a full-service insurer both internationally and in France. The integration of CNPAI's activities led to an increase in the reinsurance transfer rate at the level of the holding company.

This property and liability insurance exposure is covered by reinsurance to reduce the volatility of the underlying risk and the capital requirement.

## 5. Risk sensitivity

Changes in the risk profile are tracked using the quarterly SCR coverage ratio measurements.

## C2 Market risk

This section deals with the market risks (interest rate, equity, property and currency risks) that are the most likely to have a material adverse effect on the Group. Spread and concentration risks, which are also taken into account in market risk SCR calculations, are dealt with in section C3 Credit Risk.

Market risk	SCR value at 31/12/2023 (In € millions)
Interest rate risk	522
Equity risk	5,548
Property risk	1,645
Currency risk	1,165

Exposure to market risk is assessed based on the asset classifications used in the balance sheet, as follows:

### Assets under S2 valuation method excluding unit-linked portfolios

(In € billions)	31/12/2023	31/12/2022
Corporate and government bonds	157	147
Investment funds (UCITS)	76	64
<i>Money-market funds</i>	19	16
<i>Bond funds</i>	16	16
<i>Equity funds</i>	23	14
<i>Other funds</i>	19	19
Equities	61	39
<i>Shares in property companies</i>	13	11
<i>Other equities</i>	48	28
Structured notes	21	17
Collateralised securities	3	2
Property, plant and equipment	1	1
Cash and deposits	1	1
Loans and mortgages	2	0
Other investments	6	0
<b>Total</b>	<b>327</b>	<b>272</b>

Allocations to financial assets are made in accordance with the investment policy and the risk appetite statement, which notably defines the investment limits.

# 1. Description

## 1.1 Interest rate risk

Interest rate risk corresponds to the risk of an increase or decrease in interest rates.

### 1.1.1 Risk of falling interest rates

During a period of falling interest rates, reinvestment yields decline, leading to a gradual erosion of bond portfolio yields. A prolonged fall in interest rates makes contractual loading more difficult to apply to savings and pension products and exposes the insurer to a risk of lower margins, especially on traditional life insurance products. In more extreme scenarios, despite the relatively low proportion of policies with a guaranteed yield, there could be a risk that asset yields will be insufficient to cover contractually guaranteed yields, forcing the Group to use its own funds portfolio to pay the guaranteed amount.

Euro-denominated savings and pension contracts are particularly exposed to a drop in interest rates.

### 1.1.2 Risk of rising interest rates

In the event of a rapid increase in interest rates, yields on investment portfolios may lag behind the market, generating a mismatch between the yields paid on products and those available on competing financial products. The Group may then have to contend with an increase in life insurance policy surrenders as policyholders seek higher yields elsewhere. A spike in the surrender rate could force CNP Assurances to sell off bonds at a loss. This could then trigger a negative spiral whereby such losses accentuate the mismatch between the yield being paid to policyholders and those offered by other players, thus pushing the surrender rate even higher.

The risk of a rise in interest rates mainly arises in a context of rising inflation. Central banks use monetary policy and liquidity restrictions to curb and then eliminate the surge in prices (as well as inflation expectations). In addition to the risks mentioned above, a reconfiguration of the competitive environment may threaten CNP Assurances' positioning.

In 2023, interest rates experienced a mixed trend (after the sharp rise in 2022), with a rise in interest rates in the first nine months of the year followed by a sharp fall in the last quarter, which brought market levels at the end of 2023 below their previous year's low.

The ECB's key rates reached 4% and 4.5% at end-December 2023, up 2% compared to the end of 2022. On the long-term markets, the 10-year OAT yield ended 2023 at 2.55%, up by around 55 bp over the year.

## 1.2 Equity risk

Equity risk measures the sensitivity of equities to changes in stock market prices. Volatility measures the extent of equity price changes and is used to quantify the yield and price risk. High volatility means high potential gains but also a higher risk of losses.

In the case of a prolonged fall in value of certain equities held in the portfolio, impairment provisions may have to be set aside for unrealised losses on these investments, with an adverse effect on earnings.

Gains on equity portfolios are used to boost policyholder yields in periods when bond yields are too low. A fall in equity prices would deprive the Group of this flexibility and could even reduce its ability to pay guaranteed yields.

The private equity portfolio also exposes the Group to liquidity risk (see section C4). In addition to the price risk, the Group is exposed to equity market volatility risk, although this is not identified in the Solvency II standard formula.

Infrastructure investments represent an important portfolio diversification opportunity for CNP Assurances. They include direct investments in infrastructure projects and units in infrastructure funds, which provide an opportunity to invest in diversified portfolios of assets in this class. The portfolio is invested primarily in European infrastructure projects.

There are two types of risk inherent in private equity and infrastructure investments: the risk of a fall in the profitability of the underlying companies or projects and the risk associated with the lack of a liquid market for these assets which require a medium or long-term investment perspective.

### 1.3 Property risk

Property risk measures the sensitivity of property portfolio values to changes in real estate market prices.

The risk concerns both investment property and owner-occupied property.

The rental income from a property portfolio is exposed to market risk (e.g., excess of supply over demand, increased vacancy rates and their impact on rental value) as well as to the risk of tenant default and declines in rent adjustment indices.

The value of properties owned directly by CNP Assurances Group or through a fund is exposed to the risk of changes in rental income and in the investment market itself, as well as to the potential risk that certain buildings will be rendered obsolete by new regulations (on energy use, for example) resulting in losses in the event of sale or additional costs to bring the assets back into compliance. Although property companies are rarely exposed to leverage risks, they must also be taken into consideration in an environment of rising interest rates.

### 1.4 Currency risk

The bulk of the Company's asset portfolios are invested in the securities of eurozone issuers. As a result, the portfolios' exposure to currency risks is very limited.

## 2. Changes during the period

A description of the economic environment and financial market conditions over the year is provided in section A1.

In 2023, CNP's risk budget was largely stable. There was little change in the key financial risk metrics. Accordingly, the strategic allocation changed little.

The economic environment stabilised after the strong movements in 2022. For diversified assets, there was a contrasting trend between the equity markets, which remained bullish, while real estate assets were fragile following the rise in interest rates and changes in behaviour observed following the Covid crisis (teleworking).

As financial risks remain the most significant risks for the company, the monitoring system was strengthened following the emergence of the health crisis in 2020. In particular, the CNP Assurances Group has adopted a risk appetite statement (RAS) applicable since the beginning of 2021.

## 3. Investment policies, asset standards and monitoring processes

### 3.1 Investment policy and asset standards

Market risks are managed by implementing an investment policy. The policy reiterates the main principles of the risk management policy as it applies to asset risks through:

- Investment rules that require application of the "prudent person" and "policyholder best interests" principles
- Investment decision-making processes that require application of the four-eyes principle
- Integration of economic capital measurements in investment decision-making processes

This policy applies to the Group and all of its subsidiaries. Where necessary, it may be adjusted to take into account local regulations, the subsidiary's growth objectives and any investment restrictions decided jointly with local partners. Any such adjustments are approved locally. The policy describes the overall organisation of the system for managing investment risks, which is based notably on:

- General asset allocation strategies developed and updated each year by the Strategic Asset Allocation Committee as part of the prospective ORSA process
- Management of asset/liability matching organised by the ALM risks management policy
- The investment process, which forms part of a multi-tier risk delegation system overseen by the Group Investment Committee
- The monitoring process organised by the Asset Risk Monitoring Committee

Asset risk management is governed by a set of policies and standards that frame routine risk management and monitoring processes. They include:

- ALM risk management policy
- Foreign exchange standard
- Liquidity standard (see section C4 Liquidity risk)
- Investment standards – listed equities
- Investment standards – unlisted investments (private equity, property)
- Investment standards – UCITS

- Standards dealing with derivatives transactions and counterparty limits
- Credit standards by issuer/group of issuers (see section C3 Credit risk)
- Standards on exposure limits by rating band (see section C3 Credit risk)
- Concentration standard (see section C3 Credit risk)
- A risk appetite statement

## 3.2 Monitoring and reporting

Market and investment risk monitoring is organised around processes to verify compliance with asset standards and track ALM risks.

It requires the use of various reports, including:

- Monitoring Committee reports which track compliance with asset standards and the action taken to resolve any exposure limit overruns
- ALM indicators, including asset/liability duration mismatch indicators, comparative yield analyses, etc.
- Quarterly Group risk reports, including reports on the monitoring of hedging policies, as well as market risk indicators
  - Market monitoring reports: stock indices, P/E ratios, interest rates, inflation rates, volatility, exchange rates, qualitative analyses, etc.
  - Portfolio monitoring reports: bond portfolio average yield to maturity, unrealised gains, fixed rate bond sensitivity analyses, etc.
- The Risk Appetite Statement, which includes financial and ALM indicators

## 4. Risk mitigation

Each year, a hedging programme is set up based on purchases of derivative instruments. This programme is described in Part 1.4 (Portfolio hedging) of Section A.3 of this document.

## 5. Risk sensitivity

Numerous market risk sensitivity analyses are performed based on various metrics such as the Solvency II SCR coverage ratio. Special attention is paid to analysing sensitivity to changes in interest rates and equity prices.

Sensitivity is calculated at CNP Assurances Group level only; however, as the majority of the Group's assets are held by CNP Assurances, it is a relevant indicator of sensitivity on a solo basis.

The main results of sensitivity analyses at 31 December 2023 were as follows:

Indicator	Value at 31/12/2023	Sensitivity to a 50-bp increase in interest rates	Sensitivity to a 50-bp decrease in interest rates	Sensitivity to a 10% fall in equity prices	Sensitivity to a 25% fall in equity prices
Solvency II coverage ratio	250%	-10 pts	5 pts	n/a	-13 pts

Combined stress tests are performed as part of the ORSA process.

## C3 Credit risk

This section covers market spread and concentration risk, as well as counterparty default risk.

The Company's exposure to spread risk on the bond portfolio is presented below:

### Bond portfolio by type of issuer, (source: QRT S.06.02 List of assets)

(S2 valuation in %)	31/12/2023	31/12/2022	Change (points)
Government bonds	55%	58%	-3
Corporate bonds	45%	42%	3
Financial services and insurance	20%	18%	2
Other sectors	25%	25%	1
<b>Total</b>	<b>100%</b>	<b>100%</b>	

The bond portfolio may be analysed by issuer rating as follows:

### Bond portfolio by issuer rating (source: QRT S.06.02 List of assets)

(S2 valuation in %)	31/12/2023	31/12/2022	Change (points)
AAA	8%	6%	2
AA	49%	52%	-3
A	25%	22%	3
BBB	17%	19%	-2
Non-investment grade	0%	0%	0
Unrated	1%	1%	0
<b>Total</b>	<b>100%</b>	<b>100%</b>	

The corporate bond portfolio is invested for the most part in bonds with a better than A rating.

The government bond portfolio breaks down by country as follows:

### Government bond portfolio by country, (source: QRT S.06.02 List of assets)

(S2 valuation in %)	31/12/2023	31/12/2022	Change (points)
France	65%	70%	-5
Spain	9%	10%	-1
Belgium	12%	6%	5
Italy	1%	3%	-2
Luxembourg	3%	3%	0
Germany	7%	4%	3
Other	4%	4%	0
<b>Total</b>	<b>100%</b>	<b>100%</b>	

## 1. Description

### 1.1 Credit risk

The credit risk on a bond is the risk of partial or total issuer default. It concerns both corporate bonds and government bonds. This depends on the issuer's financial bill of health as generally reflected in agency financial ratings (which can range from AAA to D). The credit spread is the risk premium, namely the difference between the yield on a bond and that on a risk-free government bond with the same characteristics.

Credit spreads vary according to investor perceptions of the credit risk represented by the issuer.

Historically, spreads on corporate bonds tend to narrow in periods of growth and they widen during a recession when the number of issuer defaults tends to increase. In addition, spreads may widen or narrow for reasons specific to the issuer, whatever the economic conditions.

### 1.2 Counterparty default risk

Counterparty default risk is the risk of default by a counterparty other than an issuer of bonds held in the Group's portfolio. It mainly concerns derivative products, reinsurance transactions and securities lending (repo) transactions. It also concerns, to a lesser extent, group insurance clients when earned premiums not yet written are recognised.

## 2. Changes during the period

The portfolio did not suffer any significant rating downgrades due to its good credit quality and since its investment programme focuses on well-rated issuers. Sector exposures to activities deemed to be the most at risk since the Covid-19 pandemic and the war in Ukraine remained very limited.



### 3. Investment policies, asset standards and monitoring processes

The market risk policies and standards (see section C2) also apply to credit risk. In particular:

- The risk appetite statement governs credit risk through the monitoring of indicators defined by the Group
- Investment targets (sovereign issuers, peripheral sovereign issuers, corporate issuers by rating band) are set each year in the annual strategic asset allocation
- Annual hedging strategies may include hedges of widening credit spreads
- Credit and concentration standards are applied. Reporting systems have been set up to monitor their application, including through indicators covering the breakdown by country, sector and credit rating and the top five exposures, for example.

Alongside the Investment Committee, the Group Asset Risk Monitoring Committee tracks emerging and growing asset risks, as well as possible breaches of credit standards and the measures taken to remedy them.

Credit standards set exposure limits by issuer.

In addition to exposure limits by issuer, limits are set at portfolio level by rating band. Standards address concentration risk by setting exposure limits by issuer group and by portfolio (except for the French sovereign debt portfolio).

### 4. Risk mitigation

In addition to the system of exposure limits described above, CNP Assurances sometimes mitigates the risk of losses on exposed investments by setting up hedging programmes to generate additional revenues if credit spreads widen beyond certain trigger points.

As regards counterparty default risk on hedging instruments, reinsurance transactions and securities lending transactions, Group policies and standards set clear rules concerning the selection of counterparties and collateral requirements.

## 5. Risk sensitivity

Sensitivity tests are performed for credit risk based on various metrics. In particular, the sensitivity of the Solvency II SCR ratio to a sharp increase in credit spreads (excluding sovereign spreads) is analysed each year. Sensitivity to the hedging rate supplements the measurement of the impacts of credit risk, analysing sensitivity to a one-notch rating downgrade for 20% of the bond portfolio.

Sensitivity is calculated for CNP Assurances and its subsidiaries: as the majority of the Group's assets are held by CNP Assurances, it is a relevant indicator of sensitivity on a solo basis.

The results of the sensitivity analysis are as follows:

Indicator	Value at 31/12/2023	Sensitivity to a +50 bp corporate bond spread shock <sup>23</sup>	Sensitivity to a +50 bp sovereign bond spread shock <sup>24</sup>	Sensitivity to a -20% rating downgrade
Solvency II coverage ratio	250%	-5 pts	-12 pts	-3 pts

Combined stress tests are performed as part of the ORSA process.

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<sup>23</sup> After recalibration of the volatility adjustment

<sup>24</sup> After recalibration of the volatility adjustment

# C4 Liquidity risk

## 1. Description

Liquidity risk is defined as the risk of the Group being unable to pay its creditors due to the practical impossibility of selling assets, particularly following a wave of surrenders or a very large volume of benefit claims.

The risk differs depending on the portfolio:

- For traditional savings, personal risk and term creditor insurance portfolios, the risk is that of being unable to deal with a wave of surrenders or a very large volume of benefit claims
- For own-funds portfolios, aside from extreme situations where own funds are used to pay benefits, the risk mainly concerns exceptional payments that could be due following the occurrence of operational risk
- For unit-linked portfolios: The contract holders are given a guarantee that they will be able to cash in their units at any time. The risk in this case is that CNP Assurances may have to use own funds to purchase the units
- For pensions portfolios, liquidity risk is considered to be very low because policyholder surrender options are limited

## 2. Changes during the period

The financial markets faced restrictive central bank policies with the end of asset repurchase programmes and even a reduction in central bank balance sheets, which negatively impacted market liquidity. The bear markets penalised the valuation of CNP Assurances' assets and reduced the amount of its liquid assets.

In 2023, interest rate markets were initially unfavourable, but they reversed at the end of the year, improving the valuation of CNP's assets.

## 3. Investment policies, asset standards and monitoring processes

The market risk policies and standards (see section C2) also apply to liquidity risk. In particular:

- The risk appetite statement provides a framework for liquidity risk through the monitoring of indicators defined by the Group
- The Group has a liquidity standard
- The ALM policy also provides for the monitoring of actual and forecast savings portfolios net new money and cash flow mismatches (timing differences between assets and liabilities)
- Liquidity indicators are produced and reported as part of the ALM and Group Risk reporting systems
- The unit-linked funds offered to policyholders are selected in part on the basis of liquidity criteria
- The value of unlisted assets held in unit-linked funds is restricted by a series of criteria and limits defined in the underwriting policy and by a blanket limit at Group level

## 4. Risk mitigation

The main identified courses of action following the occurrence of a liquidity risk are as follows:

- Initiate the sale of assets that are the least liquid (property and shares in non-trading property companies)
- Sell the units in equity and bond funds, the government bonds maturing in more than one year and rated BBB+ or lower and the corporate bonds maturing in more than one year
- Stop reinvesting portfolio cash flows (investments that reach maturity, interest, dividends and rent)
- Stop investing net new money

## 5. Risk sensitivity

The standard liquidity indicator is in itself a measure of the Group's sensitivity to liquidity risk.

CNP Assurances remains largely in surplus in terms of liquidity and shows strong resilience. Liquid assets increased in 2023 due to more favourable markets and changes in methodology during the year.

## 6. Change in risks over the business projection period

CNP Assurances does not expect any material change in its exposure to liquidity risk.

Thanks to its conservative investment policy, CNP will continue to have sufficient quantities of good quality assets and a comfortable level of cash flow.

With the stabilisation or even the decline in long-term interest rates, surrender risk loses some of its disruptive potential. CNP recorded a limited increase in surrenders in 2023 of 3.6% (+0.55%), despite the peak in interest rates.

## 7. Expected profits included in future premiums

In accordance with Article 260 of the Solvency II Delegated Regulation, expected profits included in future premiums are defined as the difference between technical reserves without a risk margin and a calculation of technical reserves without a risk margin under the assumption that expected future premiums are not received.

The calculation is performed using the assumptions and methods presented in section D2.

On this basis, expected profits included in future premiums (EPIFP) amounted to €1.5 billion at 31 December 2023.

## C5 Operational risk

	Value of the Solo SCR at 31/12/2023 (€m)
Operational risk	1,081

### 1. Description

Under Solvency II, operational risk is defined as *"the risk of loss resulting from inadequate or failed processes, people and systems or from external events. This definition includes legal and compliance risk but excludes strategic and reputational risk."*

As the starting point for developing the operational risk management system, a detailed operational risk taxonomy was drawn up, presenting a category-based vision of operational risk based on the Basel II and Operational Risk Consortium (ORIC) taxonomies.

An operational risk map was also developed to pinpoint the main risks and produce an overview of individual risks tracked by the internal control system. The risk map is included in the La Banque Postale Group's operational risk taxonomy and it is also used as a reference for internal audits.

The convergence of methodologies following CNP Assurances' integration in the La Banque Postale Group continued in 2023.

### 2. Changes during the period

#### a) Operational risk and Permanent control

Changes during the period concern CNP Assurances' operational risk profile.

Methodological convergence with La Banque Postale (LBP) is ongoing as part of the European Central Bank's (ECB) roadmap.

In 2023, the Group Risk department continued the operational roll-out of its plan to transform its internal organisation, particularly in the operational risk and permanent control component, with the continued recruitment of Risk Managers.

The main residual risks identified during the year are in the following categories:

#### b) Product, policy and policyholder relations compliance

The Group operates in an increasingly heavily regulated environment. Since the entry into force in Europe of the Insurance Distribution Directive (IDD) in 2018, work on the risk management and control system has been ongoing

within the Regulatory environment. At the same time, the growing digitisation of policyholder relationships is also leading to changes in the regulatory environment.

In 2023, a policy on unclaimed policies was published, accompanied by employee awareness actions. Work was undertaken to take into account the ACPR's requirements on the insurance distribution directive.

In general, the management of compliance risks related to product governance and management was strengthened by updating the corpus of documents (policies, procedures and mapping).

### c) Outsourcing and delegated management

The CNP Assurances business model is based on outsourcing solutions and extensive delegations of management powers to distribution partners. The Group is therefore exposed to significant outsourcing risks, related to service quality, dependence on contractors and regulatory compliance.

The CNP Assurances Outsourcing department strengthens cross-functional outsourcing processes by updating the contractor map and systematically seeking Group-level back-up. The establishment of an outsourcing audit team helps to strengthen operational controls performed by contractors and controls over compliance risks.

The key issues in relation to subcontracting in 2023 were to:

- Support CNP Assurances' development ambition and corporate mission:
  - Ensure appropriate governance for subcontracting issues and the right level of decision-making
  - Retain high-value-added skills internally
- Supervise and control outsourced activities:
  - Ensure permanent monitoring of sensitive, critical or important activities
  - Avoid any kind of economic, operational or technological dependence
- Manage risks in a stronger regulatory environment:
  - Implement permanent controls on critical or important outsourced activities
  - Strengthen governance systems, particularly regarding the use of cloud computing and cyber security risks

The focus was placed on reviewing subcontracting by business unit. A number of initiatives have emerged regarding the insourcing of key processes and reducing the number of service providers.

### d) Process execution, delivery and management

The process complexity resulting from the diverse markets, products and partnership arrangements exposes the Group to regulatory risks (aside from insurance law compliance risks), business continuity risks and the risk of human error during manual transactions.

Major organisational changes currently in progress that may alter the Group's risk profile include:

- In line with its ambitions to modernise exchanges, CNP Assurances has continued to develop electronic signatures with its partners
- In accounting terms, changes related to the new standard IFRS 17 impacted the accounting and closing processes of the consolidated financial statements, and adjustments in the management of the subsidiaries' closing processes will continue
- In terms of anti-money laundering and counter-terrorist financing (AML-CFT) and the fight against corruption and fraud, a review of the entire procedural body was carried out, integrating the recommendations of the parent company LBP and the creation of CNP Assurances Holding. In addition, an organisational change aimed at strengthening controls and their independence led to the creation of a Compliance Control Management division directly reporting to the Chief Compliance Officer
- Finally, the following actions to strengthen the steering and monitoring of processes continued:
  - Streamlining of management frameworks/systems in progress
  - Enhanced monitoring of management application service quality
  - Continued accounting/management reconciliation work
  - Deployment of upgraded controls for the evidencing of consolidated account balances
  - Review of the process for recovering undue payments
  - Strengthening of the outsourcing management system
  - Optimisation of the purchasing, invoice processing, and supply and supplier management process

#### e) Information systems and data processing

The risks associated with CNP Assurances' information systems cover three areas: data (integrity, security), software (uptime, processing speed and reliability) and hardware (management of IT assets, networks, management of routine production activities).

#### f) Security and data protection

CNP Assurances is highly exposed to the risk of data theft or loss given the large volume of policies and customers it manages and the interconnections between its information systems and those of its partners. The risk of intrusion into CNP Assurances' applications is still significant in a context of rising cybercrime: cyberattacks are increasing and ever more complex and frequent threats are emerging.

Data protection is at the centre of the information systems security strategy, with the deployment of a Group-level information systems security policy combining technical, human resources and organisational measures.

Regulation compliance programmes led to the identification and implementation of new preventive action and data protection measures, including for personal data covered by the GDPR. These initiatives round out the multi-year systems security programme:

- A security dashboard has been set up to assess CNP Assurances' exposure to cyber risks, based on technical and organisational indicators for the company including its subsidiaries and contractors
- The Group has also mapped its IT infrastructure in areas identified as sensitive, and strengthened the system for managing the cyber risk exposures of subsidiaries and contractors
- Performance of security audits and monitoring of deployment plans

The cyber risk coverage system has been strengthened with new preventive measures (enhanced protection and detection capacity).

The system also concerns partners, with particular emphasis on training and awareness-raising sessions for employees and improved process security aided by head office experts.

Given the increase in cybercrime and the widespread roll-out of remote working since March 2020, intruder risk in CNP Assurances' systems remains a concern.

### **g) Software or IT production risks**

Information systems incidents were among the main causes of operating incidents in 2023. These incidents mainly affect the policyholder services units. If several applications go down, this can affect service quality, while calculation or processing errors have to be corrected.

The relative financial impact of these incidents remains moderate.

The main action plans deployed to manage these risks concern:

- Action to improve the IT department's delivery and acceptance procedure for new applications and software developments: a preliminary study has been carried out to manage this process more effectively and reduce the related incidents
- Action to strengthen the systems and procedures for determining management application settings
- An application incident resolution plan as part of the Operational Excellence Programme led by the Customer Experience, Digital Services and Data department. This improvement is explained by:
  - Better quality supervision
  - Better responsiveness in the organisation and effectiveness of crisis units
  - The implementation of machine learning, which avoids outages and transforms incidents into "simple" disturbances
  - Best application deliveries that avoid serious incidents

### **h) Risks related to financial crime and internal and external fraud with underlying offences**

In an environment of very high regulatory pressure and given its business model that relies on distribution partners and/or delegated investment providers, involving complex processes and information systems, CNP Assurances is exposed to all types of risks related to financial crimes. These include the risk of document fraud, identity theft, attempted embezzlement, money laundering and terrorist financing, failure to comply with economic and financial sanctions, corruption and influence peddling.

Cases of internal and external fraud with proven underlying offences remain low, though the number is rising steadily as detection improves.

To deal with these risks and in light of its regulatory obligations, CNP Assurances has implemented specific systems, defined, regularly reviewed and steered by the Compliance department's Financial Security and Governance and Ethics divisions.

Since 2018, the CNP Assurances Group has had an ethics whistleblowing system enabling employees to report any breach of the code of conduct or any situation that breaches applicable international regulations and standards. The alert collection and processing procedure was updated in 2023 to include the provisions of the law strengthening the protection of whistleblowers and the law on the corporate duty of care.

### **i) Safety and security: property damage and personal injury risks**

CNP Assurances is exposed to safety and security risks at its various sites:

- CNP Assurances' head office is located in Issy les Moulineaux – ZAC du Cœur de Ville. This building, subject to French Labour Code legislation, is partly located in a flood-risk area and is subject to specific measures under the Natural Flooding Risk Prevention Plan



- The Saint Serge building in Angers is located on the Maine river's flood plain
- The data centre located close to Angers houses most of CNP Assurances' servers and data. It has high-level protection against the risks of fire, intrusion and malicious damage
- The in-house teams of travelling insurance advisors are exposed to road safety risks (accident risk, personal injury risk, risk of damage to the car fleet)

### 3. Operational risk management policy

Operational risk management focuses on safeguarding the Group's asset portfolio and preventing/containing losses resulting from inadequate or failed processes, people and systems. It enhances customer service quality and the Group's ability to fulfil its commitments to customers.

To identify, measure and manage these operational risks, CNP Assurances has issued a formal operational risk management policy, describing the resources, procedures and tools made available to facilitate the management of operational risks. This policy falls within the framework of La Banque Postale's risk management policy and is due to be reviewed as part of the process of structuring the Caisse des Dépôts and La Banque Postale Groups.

The policy is organised around:

- A single risk taxonomy and process manual used throughout the organisation
- An operating incident reporting system to ensure that the Group has learned from past errors. All incidents representing a loss of more than €10,000 must be reported, along with any incident that did not generate any loss but could have had material consequences if the circumstances had been different. This also applies to compliance breaches and incidents that could have a severe adverse effect on the Group's image and reputation
- Provide key risk indicators that can be used to benchmark and monitor current risks. The indicators are defined and calculated at operating level and are aggregated in scorecards used to identify potential areas of weakness. One or more risk measurement indicators and one or more risk exposure indicators are defined for each risk category. The operating units responsible for the calculations are consulted concerning the definitions to ensure that the indicators are both relevant and easy to calculate
- Perform stress scenario simulations in order to increase the organisation's preparedness for possible future situations
- Deploy business continuity and crisis management plans: CNP Assurances ensures that appropriate business continuity plans are in place, particularly in areas where it is most vulnerable. CNP Assurances is required to regularly review, test and update its business continuity plans. A dedicated crisis management team has been set up
- Deploy an insurance programme: CNP Assurances has set up an insurance programme covering general liability, corporate and directors' liability, fraud, property damage (vehicle fleet, IT equipment, buildings), assistance (during business travel or expatriation) and cyber security
- Carry out operational risk action plans, including such measures as process and internal control improvements

### 4. Risk mitigation

The system of permanent controls represents a key component of the system to manage operational risk and helps to mitigate this risk (see section B5.1).

#### a. Product, policy and policyholder relations compliance

CNP Assurances is exposed to regulatory compliance risks concerning products, product distribution and customer relationship management processes. Its system to manage these risks is organised around:

- Policies (covering in particular risk management, underwriting and remuneration)
- Committees (Underwriting Committee and New Product Approval Committee)
- Procedures (compliance, complaints management, marketing material)
- Policyholder services quality committees, set up in all business units, and training plans for the distribution networks on duty-of-advice and know-your-customer procedures

#### **b. Outsourcing and delegated management**

A dedicated department manages these risks, supported by risk maps, an outsourcing policy, a contractor selection process, a monitoring process and periodic audits (see section B8 for more details).

#### **c. Process execution, delivery and management**

The operational risk management system includes a crisis management and business continuity plan designed to ensure that operations can be pursued in acceptable conditions for both policyholders and employees, as well as for external business partners, in order to deliver the Company's services and products.

The system combines all emergency procedures and crisis management tools, business impact analyses (BIA), business continuity plans, and solutions to deal with situations where several categories of resources (skills, information systems, premises, service providers) become unavailable. It relies on a network of BCP officers within the business units/functions of the Group and its subsidiaries.

#### **d. Information systems and data processing**

Information systems security is a priority for CNP Assurances, which has drawn up a Group cyber security policy. The Group has an IT back-up plan that allows it to restart its activities from a backup site in the event of the complete failure of its main data centre. This plan is tested every year.

#### **e. Risks related to financial crime and internal and external fraud with underlying offences**

Financial crime is a constant concern for CNP Assurances, which is exposed to this risk due to the nature of its business.

For several years, the Compliance department, in charge of managing these risks, has been carrying out major work aimed at constantly developing and strengthening the systems in place:

- Regular updates and dissemination of the Group's policies and framework procedures on fraud, combating money laundering and counter-terrorist financing, compliance with financial sanctions, anti-corruption processes, the code of conduct, and the drafting and regular updating of specific financial crime risk maps
- Regular updates to specific mapping covering financial crime risks
- Regular updates to the classification of AML-CFT risks specific to Head Office activities
- Implementation of a control plan covering the aforementioned risks, and independent certification carried out by the Risk department
- Raising awareness among all employees through:
  - Information campaigns: regular distribution of digital comic strips, memos
  - Training campaigns, particularly for new hires and employees on internal transfers, but also for all company employees, held twice yearly for AML-CFT and financial sanctions matters in particular

- Deployment of tools to automatically detect high risk factors for financial crime and strengthen human detection in the first line of defence:
  - For customers, in particular those who are politically exposed persons, have ties with high risk countries, are subject to an economic or financial sanction, carry out frequent transactions, or transactions involving large amounts or with atypical features with respect to the risks of money laundering, terrorist financing or fraud
  - For third parties in business relations with CNP Assurances and legal entity clients, assessing their exposure to corruption risks and collecting information on their exposure to financial crime risks

#### f. Safety and security: property damage and personal injury risks

In the Working Environment Unit reporting to the Secretary General, the team responsible for the safety and security of people and assets is tasked with deploying and managing systems for preventing fires, accidents and malicious damage, as well as for implementing "Vigipirate" measures to protect against terrorist attacks. The team contributes to updating the document centralising all related information and helps to ensure that these risks are properly managed during maintenance operations and other work projects.

## 5. Risk sensitivity

CNP Assurances has chosen to use scenario analyses to measure its exposure to operational risk for ORSA purposes.

Scenario analysis consists of simulating operational shocks arising from the occurrence of CNP Assurances' main risks, using predefined inputs (timing, location, causes, consequences, etc.) that reflect the same occurrence probabilities as for financial and underwriting risk scenario analyses. The operational shock scenarios are selected based on their ability to encompass a variety of events with the same or similar direct consequences for the Group.

The operational risks included in the analysis are reviewed annually to obtain assurance that the scenarios effectively cover all of the Group's main residual risks and that all major residual risks are taken into account.

Each existing scenario is challenged and reviewed. A scenario may be abandoned if the residual risk has been considerably reduced through the implementation of action plans or the trigger event has changed. The review concerns the scenarios' calibration (estimated impacts) and the impact of risk mitigation measures taken up to the review date. New scenarios are developed when a relevant new risk is identified.

## C6 Other material risks

### 1. Emerging risks

Emerging risks are managed by the operational risk and permanent control department of the Group Risk team in the Group Risk department in collaboration with the Strategic Research and Foresight unit of the Strategic Transformation department.

CNP Assurances defines emerging risks as follows: *“Emerging risks are risks that are highly uncertain and very difficult to measure and that may have a significant impact in terms of losses. They include new unknown risks and known risks that have occurred in the past in other forms and have since changed. For these risks, it is the potential new form in which they may occur that is qualified as an emerging risk.”*

The emerging risk monitoring process may be summarised as follows:

- Prospective monitoring via the monitoring of articles and an in-house survey to identify, follow and document changes in emerging risks
- Emerging risks are identified and listed
- They are presented periodically to the Group Risk department's Management Committee, which decides on the action to be taken based on the probability of the risk occurring and on any measurement and exposure indicators that may have been developed internally. There are three possible courses of action:
  - Keep the emerging risk on the watchlist and continue to monitor and track it, or
  - Classify and manage the emerging risk as a financial, underwriting or operational risk and apply the permanent control system, or
  - Ignore the risk, on the grounds that it is no longer real or material

### 2. Reputational risk

This is a risk resulting from a negative perception on the part of customers, counterparties, shareholders, investors or regulators, which may adversely affect the ability of CNP Assurances to maintain or engage in business relationships and continue to access financing.

This risk increased in 2023, in particular due to the rise of social media, coupled with the greater exposure of the CNP Assurances brand, particularly in Brazil, and the fact that commitments were made outside the company as part of the corporate mission (greater risk of greenwashing). The corporate mission also acts as a risk mitigation factor. This risk also includes the potential impact on the image of CNP Assurances when applying certain contract clauses such as repayment deadlines.

Reputational risk is managed through a monitoring system, crisis management plans and remedial action plans. CNP Assurances has set up a system to monitor in real time any mention of its name and that of its subsidiaries, on all available media: media, audio, visual, press, forums, blogs, social networks. It is committed to improving its non-financial indicators for its customers, investors, partners, employees, as well as for society and the planet, using the performance indicators (KPIs) defined in its corporate mission. In addition to real-time alerts that enable it to detect even the weakest signals, monthly and half-yearly reporting systems have been developed to help define the action plans needed to manage CNP Assurances' reputation based on its mass media presence. A dedicated unit has been set up in the Stakeholder Dialogue, Communications, and Sponsorship department, with a multi-disciplinary team supported by external consultants, to conduct reputation monitoring and analysis activities and determine any necessary action plans. A process for coordinating monitoring and messaging has been set up at head office level with its subsidiaries in France and abroad.

La Banque Postale (LBP) maintained its position as the world's leading bank in terms of CSR with a rating of 74/100 from Moody's ESG Solution. CNP Assurances, a subsidiary of LBP, benefits from the reputation of its parent company in this area.

### 3. Model risk

The term "model" referred to here pertains to the set of systems that, based on data and assumptions, generate estimates through the application of quantitative operations to address a specific use. These include all the models used to produce the Solvency II Pillar 1, ORSA and Value of New Business (VNB) metrics for CNP Assurances' portfolio of commitments and the application of IFRS 17 and IFRS 9.

Model risk is considered an operational risk category within CNP Assurances and can materialise at any time in the model's life cycle as follows:

- Risk of financial loss attributable directly or indirectly to the lack of relevance of assumptions and methods with respect to the model's objective (design risk)
- Risk of financial loss attributable directly or indirectly to deficiencies in the operational process that transform input data into estimates (implementation risk)
- Risk of financial loss attributable directly or indirectly to an inaccurate interpretation of the output generated by the model and/or to the use of the model outside its framework of use (usage risk)
- Risk of financial loss attributable directly or indirectly to a deficiency in the model monitoring process

CNP Assurances has defined a methodology to assess the model risk management system based on the identification of model use cases. This approach is based on the identification of quantitative or qualitative reference metrics produced by the models, a fundamental step in the quantification of the risk, as well as taking into account the materiality of the flows and the complexity of the methods implemented.

In particular, this system aims to determine a causal chain on one or more points in the models' life cycle, thus giving rise to financial consequences including any remedial costs.

Model risk management relies on a framework based on the following principles:

- **Clear governance** with identification and separation of roles throughout the model's life cycle. For prudential capital calculation models, this notably includes committees, so that model assumptions, laws and functionalities are presented to and approved by decision-making bodies at the appropriate level in the organisation depending on the potential impact of the update. Within this framework, a Model Risk Committee under the authority of the Group Chief Risk Officer monitors the management of CNP Assurances' significant model risks
- **An independent review and validation process** by a member of the second line of defence. In addition to the various external reviews, an internal team "Model Validation and Governance" team performs independent reviews of the models and their successive updates
- **Exhaustive mapping of models** carried out at the Group level. This produces a classification that makes it possible to adapt the system's requirements to the level of criticality of the models
- **Comprehensive documentation covering the entire life cycle of the model**, designed to address the different populations (decision-making bodies, users, modellers, etc.) and thus make it possible to establish knowledge

All model risk management principles are detailed in a Group policy validated every year by the Group Risk Committee. This policy is implemented to meet risk management requirements in CNP Assurances, in line with industry best practice and the needs expressed by the Caisse des Dépôts Group and La Banque Postale Group.

#### Major events in 2023

CNP Assurances' model risk management system was strengthened in 2023 by taking a new step in the integration of international subsidiaries, through the definition of a common requirement for the documentation of prudential calculation models, and the global deployment of the policy and operational procedures. In addition, updates and extensions of the mapping identified around 300 models in CNP Assurances' inventory at the end of 2023, covering various processes including accounting management, prudential capital calculations, pricing and process automation via artificial intelligence.

## 4. Strategic risks

### Partnership risk

This risk is defined as the risk of loss of revenue from a partnership (for example, due to termination or refocusing), including the risk of renewal on unfavourable terms or an opportunity loss due to competition between banking networks, and the risk of a partnership adversely affecting CNP Assurances' results or resulting in the recognition of an impairment loss on goodwill or other intangible assets.

CNP Assurances enters into various strategic partnerships, directly or through its subsidiaries, to strengthen its presence in certain markets. These partnerships represent a means of sharing the business and financial risk with the partners concerned. They may simply be commercial arrangements, such as a distribution agreement, or involve the investment of capital in a joint subsidiary.

Integrating these partnerships or joint subsidiaries into CNP Assurances can sometimes take longer, be more difficult and require bigger teams of employees and managers than originally expected, and this may negatively affect CNP Assurances' earnings. The constantly evolving nature of the business means that there is uncertainty that the financial performance of companies or partners acquired will be aligned with the business plans on which the original investment decision was based. Underperformance may result in impairment losses being recognised on goodwill or other intangible assets that will negatively affect CNP Assurances' financial position.

It may be necessary to rethink a partnership in the event of changes either to the project itself or to the local political and economic situation or the partner's own financial situation, or because of a disagreement between partners. The bancassurance model relies on the continued implementation of its partnership agreements and their renewal. For this reason, CNP Assurances pays close attention to the imminent expiry of its strategic partnerships and the risk that they will not be renewed.

In order to limit these risks, strategic partnerships are integrated into the risk management and monitoring systems. This ensures that their performance is monitored and that the partnership is refocused if - and to the extent - necessary, with the participation of the distribution partner as appropriate. Other risk-mitigating actions include establishing a high quality governance system when the partnership is set up, notably by appointing members of the entity's existing management to the new governance bodies, and including an earn-out clause in the partnership agreement to ensure that the partners have a shared interest in meeting the business plan objectives.

Given the criticality of partnership risk, and as part of the ECB's supervision, a new system providing for the comprehensive and consolidated identification of distribution agreements, a methodology for classifying the risks associated with these agreements, as well as management and governance systems adapted to the level of risk was implemented in 2022.

## Risk on equity investments and contagion

Risk on equity investments refers to the risk of having to recapitalise an investment in the coming financial year if it experiences difficulties. By extension, the risk of contagion is the risk that financial difficulties encountered by certain subsidiaries have a negative impact on the financial stability of CNP Assurances.

Any financial difficulties encountered by a subsidiary may require recapitalisation by CNP Assurances. These difficulties may result in a deterioration in the subsidiary's solvency resulting from a major operational incident, cash flow problems, operational difficulties, or other factors that compromise the company's financial stability.

The risk of contagion arises when localised financial difficulties extend to CNP Assurances. At the level of CNP Assurances, the risk may arise from financial difficulties experienced by one or more subsidiaries in a manner sufficient to threaten the general financial stability of the Group or by the shareholder if these financial difficulties mobilise its resources sufficiently to have an impact on its own financial stability.

To manage the business and monitor risks, a risk management and ORSA system has been put in place allowing continuous monitoring of subsidiaries' solvency and ultimately their recapitalisation risk.

## Risks related to new regulations

Regulatory risk is the risk of a future change in regulations, including industry practices, and the introduction of new regulations that may have an adverse effect on a company's business model or involve costly adaptation of its information systems.

The introduction of new regulations in Europe or the countries where CNP Assurances' subsidiaries operate could prove both complex and costly for CNP Assurances. Many different departments may be concerned, information systems may have to be adapted and significant costs may have to be incurred for staff training to ensure compliance with the new regulatory framework.

In recent years, for example, CNP Assurances has had to implement major projects to comply with the new General Data Protection regulation (GDPR), the Insurance Distribution directive (IDD), the PACTE and Sapin II laws in France and successive European directives dealing with money laundering and combating the financing of terrorism (AML-CFT).

New regulations could impact CNP Assurances' business model. Thus, the new accounting standards IFRS 17, which came into force in 2023, and IFRS 9, could change the presentation of the activity indicators published each quarter and have an impact on CNP Assurances' investment strategy. The DORA regulation on digital operational resilience could have an impact on the risk strategy related to third-party IT service providers, the green industry law published on 23 October 2023 could lead to an operational risk by undermining our contractual discretionary management schemes for multi-vehicle savings contracts, and the proposed law on the Protection of savers could lead to surrender risk. Similarly, the entry into force of the Insurance Capital Standard (ICS) could lead to a significant operating cost for CNP Assurances, while the review of Solvency II could reduce the Group's solvency.

Changes in European and French regulations relating to insurance products aimed at protecting consumers may have a significant impact on business in France and other countries in Europe. An example is the ACPR's request in France to improve transparency on life insurance entry and management fees, or EIOPA's various initiatives aimed at encouraging insurers to prevent and remedy any conflicts of interest arising from the sale of credit insurance products.

At the product level, in France, the Lemoine law enacted in February 2022 gave borrowers the right to terminate credit insurance at any time and removed the need to complete a medical questionnaire for loans below €200,000. Work has been carried out to adapt the products to these new regulatory requirements. Moreover, surrender risk monitoring has been stepped up and portfolio defence actions have been implemented in collaboration with the partners. Regulations have also changed with the introduction of a fee cap for term creditor insurance products in Germany and Poland, requiring considerable product adaptation work.

Moreover, in France, the reform of the social protection of civil servants and pensions reform are expected to have a significant impact on the level of commitments of personal risk and pension products.

These regulatory changes covering prudential, accounting, compliance, legal and tax issues, as well as ESG risks, are specifically monitored through the quarterly risk reports, which are presented to the CNP Assurances Executive Committee and communicated to the La Banque Postale Group's Risk Management department.

CNP Assurances actively monitors the issues discussed above to ensure that regulatory changes are foreseen and applied on a timely basis.

## 5. Concentration risk

The Group is potentially exposed to concentration risk that could arise from:

- One or more Group entities underwriting the same risk
- One or a number of Group entities underwriting different risks likely to result in claims arising from the same loss event or primary cause

Identifying and containing concentration risk is part of the product development and approval procedure and the product portfolio management process, which includes managing the related reinsurance cover (see section C1 for more information about reinsurance).

Concentration risk may also arise with respect to a counterparty, through the purchase of various assets including reinsurance, derivative instruments, equities, property, private equity and bonds. Concentration standards mitigate this risk for shares and bonds, along with different systems of limits.

Concentration risk is monitored through the production of Solvency II reports.

## 6. Risks related to climate change

The financial risks related to the effects of climate change to which CNP Assurances is exposed can be broken down into three areas:

- The investment activity
- The insurance business
- Internal operations

These risks can take several forms:

- Physical risks, i.e., risks resulting from damage caused directly by climate phenomena
- Transition risks, i.e., risks resulting from the effects of deploying a low carbon business model. This risk includes regulatory risk (risk of a change in government policies such as a ban or restrictions on certain activities, for example through the imposition of quotas; the introduction of carbon taxes, fines,



environmental levies or other new tax measures), technological risk (risks resulting from the introduction of innovations or disruptive technologies that help combat climate change), market risk (changes in the balance of corporate and consumer supply and demand), and legal risk

Mindful of the urgent need to reduce the current and future effects of climate change, the Group set up a Climate Risk Committee in 2019 and extended its remit to include biodiversity in 2021. This committee meets each quarter to review the roadmap to be implemented to manage climate risks across all aspects of the business. Its members include representatives of the CSR, Investment and Technical and Innovation divisions, the Actuarial function and the Secretary General. Since 2021, the remit of the Climate Risk Committee has been extended to include monitoring the progress of subsidiaries' work on climate risk management.

In 2022, the CNP Assurances Group Risk department integrated the physical and transition risks related to climate change into CNP Assurances' risk mapping and initiated an approach consistent with the EIOPA opinion<sup>1</sup> of April 2021.

In 2023, the climate risks associated with investments were supplemented and measured through a working group bringing together experts from the Investment department, the Risk department and the CSR department. Risks related to climate change are also integrated into the company's risk management policy, in particular by taking sustainability risks into account, or by incorporating these risks into CNP Assurances' Risk Appetite Statement, thus ensuring their management.

## Physical risk

Several studies on the physical risks associated with the investment portfolio have highlighted the exposure of certain countries, companies, buildings and forests to various climate hazards. CNP Assurances' objective, based on the studies and data currently available, is to limit this exposure through appropriate investment decisions. The management of these investments is based on ESG analyses that incorporate climate risks.

In 2023, CNP Assurances updated its analysis of the exposure of its real estate assets to physical risks, taking into account local physical risks and the characteristics of each building. Adaptation plans for the most exposed assets will be established from 2024.

CNP Assurances' business consists mainly of writing personal insurance, and the risks associated with the impact of climate change primarily concern mortality and morbidity rates. In 2020, CNP Assurances volunteered to participate in the climate stress test carried out by the ACPR and the Banque de France. This stress test covered various transition scenarios. For personal insurers like CNP Assurances, the unfavourable scenario of a sharp rise in temperatures would lead to a heightened incidence of claims due to an increase in pollution and vector-borne diseases, affecting:

- death benefits under personal risk and term creditor insurance policies
- loss of income payments under personal risk and term creditor insurance policies
- coverage of medical costs under health insurance policies

The exercise served to quantify the Group's exposure to the climate scenarios proposed by the ACPR, particularly the potential increase in personal risk and term creditor insurance claims. It also highlighted the resilience of CNP Assurances' liabilities in the face of climate risk. The potential increase in loss ratios caused by the occurrence of physical risk could be offset to some extent by an increase in premium rates for personal risk and term creditor insurance policies. Moreover, CNP Assurances' exposure to mortality risk through its personal risk and term creditor insurance policies is partially offset by its exposure to longevity risk through its pension contracts.

When renewing its reinsurance coverage each year, CNP Assurances is also exposed to various climate risks, including the risk of an increase in the price of reinsurance and/or a decrease in the availability of natural disaster cover, or a mismatch between the duration of the reinsurance cover – generally one year – and that of the insurance cover which may extend over several years.

CNP Assurances' offices and employees are located in countries (approximately 75% in Europe and 25% in Latin America) which, due to their level of development, are not considered as being the most vulnerable to climate events likely to severely disrupt their operations.

Physical risk is managed through the regular updating of the business continuity plan to ensure business continuity for employees in the event of the occurrence of climatic hazards. Work was carried out in 2023 to precisely measure the exposure and vulnerability of production resources to various climate risks in the coming decades, based on different global warming scenarios (heat waves and flooding of the Seine).

## Transition risk

In 2015, CNP Assurances demonstrated its support for the energy transition by adopting a low carbon strategy for its investment portfolio, and in 2019, it joined the Net-Zero Asset Owner Alliance and committed to ensuring that its investment portfolio is carbon neutral by 2050. In order to achieve carbon neutrality,

in 2021 CNP Assurances set ambitious new targets for 2025 in line with current scientific knowledge. They included reducing the carbon footprint (scopes 1 and 2) of its directly held equity and corporate bond portfolio by a further 25% between 2019 and 2024 (extended to infrastructure investments in 2022) and the carbon footprint (scopes 1 and 2) of its directly held real estate portfolio by an additional 10 % over the same period.

To limit the risk of stranded assets in the investment portfolio, in 2020, CNP Assurances drew up a plan to remove all direct thermal coal sector investments in the European Union and OECD countries from the portfolio by 2030, and those in the rest of the world by 2040. These commitments were supplemented in 2021 and 2022 by a policy governing its investments in fossil oil and gas.

CNP Assurances' insurance business may be adversely affected by various transition risks, including:

- Changes in customers' savings behaviour (changes in the savings rate or surrender rate) affecting the net inflow of new money into pension savings contracts
- Stricter environmental regulations (obligation to renovate homes to improve energy efficiency, ban on the renting or sale of poorly insulated buildings, zero net land-take rules, etc.) which would disrupt the real estate market and consequently impact the term creditor insurance, home insurance or mortgage guarantee businesses
- Stricter environmental regulations (end of the marketing of thermal vehicles, increase of the ecological bonus/penalty on the purchase of a vehicle, low-emission zones, etc.) that would disrupt the automotive market and therefore impact the motor insurance business

With regard to internal operations, CNP Assurances is exposed to transition risk in the event that the main sources of greenhouse gas (GHG) emissions are not controlled. The assessment of GHG emissions, prepared annually, and the implementation of internal carbon pricing, channel the Group's efforts towards the most relevant actions related to its operating buildings and employee travel.

## C7 Other information

No other information is to be reported in this section.



D

**Valuation  
for solvency  
purposes**

# D1 Assets

## 1. Valuation principles

### 1.1 Use of fair value

Since 2005, the Group has used IFRS as its primary basis of accounting. As a result, many assets and liabilities (especially financial instruments) are already measured at fair value for consolidated financial reporting purposes.

For its Solvency II balance sheet, the CNP Assurances Group uses the fair value of assets and liabilities as calculated for IFRS accounting purposes, insofar as this value complies with Solvency II asset and liability valuation principles. This ensures that a reliable Solvency II balance sheet will be produced as part of an orderly, well-managed process. It also ensures consistency with the IFRS financial statements.

However, the value of certain items may be estimated using simplified methods (cost, for example), provided that they do not represent material exposures or the difference compared with the fair value that would have been recognised in the account is not material.

### 1.2 Criteria for identifying active markets versus inactive markets

The extent to which an active market exists is assessed for the measurement of assets in the Solvency II balance sheet.

Fair value measurements in the Solvency II balance sheet and under IFRS 13 – Fair Value Measurement are generally based on quoted market prices in active markets for similar assets. For financial instruments, the fair value hierarchy defined in IFRS 13 is used. In the Solvency II balance sheet, instruments measured using level 1 inputs (see below for details) in the notes to the IFRS financial statements are considered as being valued based on quoted market prices in active markets.

### 1.3 Specific asset valuation methods

#### 1.3.1 Intangible assets

At this stage, for the preparation of the Solvency II balance sheet, all intangible assets are considered as being without value in the absence of detailed analyses of the underlying markets.

#### 1.3.2 Investments

##### *(a) Property*

Owner-occupied and investment property (other than property held in unit-linked portfolios) and shares in unlisted property companies are measured in the Solvency II balance sheet at their appraisal value (as determined based on five-yearly independent valuations performed by surveyors recognised by the insurance supervisor and updated annually) or an equivalent value for properties held by entities outside France.

Investment property held in unit-linked portfolios is included in the Solvency II balance sheet at fair value.

### *(b) Financial assets*

In view of the quality of the financial assets in the portfolio (98.4% of the bond portfolio was rated BBB or higher at 31 December 2023), the CNP Assurances Group has identified no material uncertainties concerning the values attributed to financial assets. The majority of financial assets are traded on active markets and are valued using level 1 inputs in the IFRS financial statements (see below). The IFRS fair values are therefore also used in the Solvency II balance sheet.

Assets measured using alternative methods based on level 2 or 3 fair value inputs in the IFRS financial statements are measured on the same basis in the Solvency II balance sheet (see below).

For these assets, wherever possible the CNP Assurances Group uses values obtained from external sources.

The same valuation methods and controls are applied to financial instruments recorded in liabilities (particularly derivative instruments).

For Solvency II purposes, assets measured at amortised cost in the IFRS balance sheet are remeasured at fair value on a consistent basis with the value reported in the notes to the IFRS consolidated financial statements.

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 are the frequency of price quotations and the liquidity of the securities traded on the market. The market will be considered inactive if one or more of the following indicators is observed: a sharp fall in the number of transactions, a significant increase in settlement costs or volatility, or a rapid widening in Z-spreads.

For 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 is 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
- Prices determined using internal models that maximise the use of observable inputs

### **Structured product valuation principles**

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

The valuation techniques used:

- Make maximum use of market inputs
- Incorporate all factors that market participants would consider in setting a price
- Are consistent with accepted economic 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.

CNP Assurances SA 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 counterparties' values examined so far have been confirmed by CNP Assurances SA, 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 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 CNP Assurances SA 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 and the largest trading volume was observed. 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 and 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). CNP Assurances SA takes into account liquidity factors, among others, 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. This category includes:

- Certain structured products measured using an internal model and market inputs
- Derivative instruments traded over-the-counter that are mainly measured using an internal valuation model and market inputs
- Negotiable debt securities, which are no longer listed, are measured based on the zero coupon price curve plus a spread
- Investment property measured using prices observed for similar recent transactions or the rental value of equivalent-type properties
- Any other over-the-counter financial instruments

Structured products held by CNP Assurances SA 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.

CNP Assurances SA 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 industry models and the market data required for each model at the calculation date (see below).

Structured notes	Models/Methods
Interest-rate linked structured notes	4-Factor Libor Market Model (LMM) Hybrid Equity Black-FX Model Hull-White 1-Factor Model
Equity linked structured notes	Dupire model Heston model Dupire hybrid equation - Hull-White 1-Factor Model
Inflation-indexed complex structured products	Jarrow-Yildirim model

Asset class	Financial instruments	Models/Methods	
Inflation 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	Interest-rate swaps	Black model SABR smile model	
Credit derivatives	CDS options	Black-Scholes formula (Markit volatilities)	
Equity 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	
	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 inputs not based on observable market data (unobservable inputs). Unobservable inputs 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.

This category also includes certain complex structured products for which values are obtained from the counterparty.



### *(c) Remeasurement at fair value of financial assets initially measured at amortised cost*

Financial assets are measured in the same way in the IFRS balance sheet and the Solvency II balance sheet, except for (to comply with Solvency II):

- Assets classified as "held-to-maturity" investments
- Loans and receivables

These assets measured at amortised cost in the IFRS balance sheet are remeasured at fair value in the Solvency II balance sheet. The fair value of these assets is consistent with the values presented in the notes to the IFRS balance sheet.

### *(d) Remeasurement of investments in subsidiaries and affiliates at best estimate*

In the Solvency II balance sheet, CNP Assurances SA measures its investments as follows:

- Investments in insurance subsidiaries consolidated in the IFRS or Solvency II balance sheets are measured based on their adjusted net asset value as determined using the rules set out in the Solvency II Directive and the delegated regulation
- Investments in non-insurance subsidiaries that are consolidated in the Group's IFRS balance sheet are measured based on their net worth

Investments that are not consolidated in the Group's IFRS or Solvency II balance sheets are measured at their fair value under IFRS

Related-party property companies are measured based on appraisal values determined by an independent expert because these assets are not traded on a stock market.

## **1.3.3 Other assets and miscellaneous receivables**

### *(a) Treasury shares*

CNP Assurances SA may hold its own shares under a liquidity agreement. These shares are classified as assets in the Solvency II balance sheet. The value of these shares has been frozen since CNP Assurances SA's delisting.

### *(b) Other assets and miscellaneous receivables*

The value of other assets and other receivables in the Solvency II balance sheet generally corresponds to the value used in the IFRS balance sheet, as adjusted during the fast close process (fast close adjustments) in line with expected cash flows.

## 2. Differences compared to book value

### 2.1 Intangible assets

Intangible assets are eliminated from the Solvency II balance sheet when no fair value can be attributed to them due to the absence of an active market on which they could be sold.

Intangible assets eliminated from the Solvency II balance sheet at 31 December 2023 amounted to €55 M€.

### 2.2 Investments

Insurance investments and derivative instruments totalled €324.1 billion in the Solvency II balance sheet versus €333.5 billion under French GAAP. The difference includes the value of derivative instruments recorded as liabilities.

In the French GAAP balance sheet, insurance investments are measured at historical cost less transaction expenses and less any accumulated impairment losses, except for investments held in unit-linked portfolios, which are measured at fair value.

In the Solvency II balance sheet, the valuation of unit-linked investment properties does not change.

Fair value adjustments to other investment properties totalled €756 million.

"Participations" as defined in Article 13 (20) of Solvency II ("ownership, direct or by way of control, of 20% or more of the voting rights or capital of an undertaking" not included in the Solvency II scope of consolidation) are also remeasured at fair value in the Solvency II balance sheet, representing an adjustment of €1.38 billion.

Furthermore, the Solvency II balance sheet includes loaned securities and repos and does not take into account securities received as collateral under securities lending transactions (in accordance with the IFRS approach used as the basis for the Solvency II balance sheet).

### 2.3 Other assets and miscellaneous receivables

Other assets amounted to €8.8 billion under Solvency II compared to €8.6 billion under French accounting standards, representing a difference of €0.2 billion. Treasury shares in the Solvency II balance sheet amounted to €5.2 million.

Property, plant and equipment amounted to €52.3 million under French accounting standards and in the Solvency II balance sheet.

Total cash deposits with ceding companies amounted to €541.9 million under French GAAP and in the Solvency II balance sheet.

Total receivables and cash flow amounted to €7.9 billion in the Solvency II balance sheet and under French accounting standards.

Accrued income totalling €3.4 million was eliminated at 31 December 2023 because the amounts involved were considered as insurance receivables and measured at their best estimate in the Solvency II balance sheet.

The value of other assets in the Solvency II balance sheet corresponds to the value used in the IFRS balance sheet, as adjusted during the fast close process in line with expected cash flows.

## D2 Technical reserves

Technical reserves (also known as technical provisions) are defined as the amount an insurance or reinsurance undertaking would have to pay if it transferred its contractual rights and obligations immediately to another undertaking.

The value of technical reserves is equal to the sum of a best estimate and a risk margin:

- The best estimate corresponds to the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using the relevant risk-free interest rate term structure. It is calculated before reinsurance and comprises two parts, best estimate of premium reserves and best estimate of claims reserves
- The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the Solvency Capital Requirement necessary to support the insurance and reinsurance obligations over the lifetime thereof

For best estimate calculations, insurance obligations are segmented into homogeneous risk groups, and as a minimum by lines of business.

### 1. Methods and assumptions

#### 1.1 Main analyses

CNP Assurances SA revised its cost inflation assumptions in line with the economic context of 2023.

#### 1.2 General principles and description of the models

The best estimate calculation takes into account all future cash flows

related to the insurance obligations observed at 31 December 2023. Expected benefit payments, commissions and expenses, and part of future premiums are modelled in accordance with the applicable regulations. The main accounting mechanisms are taken into account, such as future transfers from the policyholders' surplus reserve to policyholder dividends and changes in statutory technical reserves.

The models used to measure insurance obligations related to savings/pensions contracts, including points-based pension plans, is based on stochastic models that take into account interactions between assets and liabilities. Personal risk and term creditor insurance obligations are modelled using deterministic models.

No cash flow projection model is available for a small proportion of technical reserves (less than 3% at 31 December 2023). CNP Assurances SA determines the "best estimate" for this scope by:

- Using the statutory value of obligations that are not similar to those for which a cash flow projection model exists
- Assuming that the ratio between the technical reserve and the statutory reserve is the same, for similar obligations, to the ratio between reserves for which a projection model exists

## 1.3 Economic assumptions

Solvency II calculations are based on market conditions observed at the year end.

### 1.3.1 Reference interest rate curve

The reference interest rate curve corresponds to the EIOPA basic risk free interest rate term structure plus an adjustment for credit risk and volatility. The adjusted term structure is extrapolated using a mechanism to ensure a smooth convergence to the ultimate forward rate. At end 2023, the ultimate forward rate was 3.45% in Europe.

### 1.3.2 Matching adjustment

Best estimates do not take into account any matching adjustment.

### 1.3.3 Volatility adjustment

The volatility adjustment is applied to the basic risk free interest rate term structure for all insurance business modelled for the purpose of calculating best estimates of technical reserves.

The adjustment applied at 31 December 2023 was calculated based on the Solvency II Delegated Regulation and period-end market data. It stood at 18 bps.

Its impact on technical reserves may be summarised as follows:

#### Technical reserves at 31/12/2023

(In € billions)	Before volatility adjustment	After volatility adjustment	Change	Impact
Total	271.1	270.4	-0.27%	-0.7

*Impact of volatility adjustment on technical reserves*

The volatility adjustment had the effect of reducing the best estimate of technical reserves by -€0.7 billion or -0.27%.

### 1.3.4 Transitional measures

The Solvency II Directive includes transitional measures to allow insurance and reinsurance undertakings time to adapt to the new regulations before they become fully applicable and to smooth the financial impacts over time. The transitional measures concerning risk free rates and technical reserves have not been used by CNP Assurances SA to calculate best estimates of technical reserves.

## 1.4 Assumptions used to calculate liabilities

The assumptions used to calculate liabilities, concerning such issues as mortality, temporary and permanent disability, surrender rates and loss experience, are determined based on actuarial analyses provided that adequate historical data is available for the portfolios concerned.

If this is not the case, experience-based modelling laws are determined using regulatory or market tables, or external data provided that the available data is adequate and its quality complies with regulatory standards.

### 1.4.1 Savings and pensions liabilities

Projected cash flows for savings and pensions business are determined by default according to a policy-by-policy approach. Groupings of policies (model point approach) if the policy-by-policy calculation is unreasonably burdensome. Due to the very large number of in-force policies, CNP Assurances SA has chosen to adopt the model point approach for savings and pensions liabilities.

Savings and pensions liabilities depend to a large extent on the market environment and stochastic simulations are performed to reliably assess these liabilities for the calculation of best estimates, taking into account future policy management decisions.

In the case of savings business, one of the key assumptions used in liability models concerns surrender rates:

- Structural surrender modelling: structural surrenders (total and partial) correspond to policyholders' propensity to surrender their policy, whatever the economic environment. Structural surrender rate modelling laws are developed using all available data for a sufficiently long period and are reviewed annually
- Economic surrender modelling: economic surrenders correspond to surrenders decided by policyholders when they receive a lower-than-expected yield on their policy

### 1.4.2 Term creditor and personal risk insurance liabilities

Term creditor and personal risk insurance liability models are based on deterministic 'liability only' projections. They consist of "multi-state" models that simulate the transition of insured populations from the initial healthy state to, for example, a state of temporary or permanent disability or death.

The main assumptions used for term creditor and personal risk risks concern the modelling laws used to reproduce these transitions, as determined based on all available data.

## 1.5 Other pivotal assumptions

### 1.5.1 Future management actions

The methods and techniques applied to estimate future cash flows and thus to measure reserves for insurance liabilities must take into account possible future management actions in such areas as:

- Financial strategy
- Policies concerning the adjustment of technical reserves
- Renewal of partnership agreements

### 1.5.2 Administrative costs

Expenses are allocated to each business line and individually projected according to projection factors.

### 1.5.3 Commissions

Commission assumptions are based on the commission arrangements in force on the measurement date. Future commission arrangements are taken into account when they are certain (i.e., covered by a new commission agreement signed by the insurer).

## 1.6 Risk margin calculation

The Solvency II Delegated Regulation describes the recommended method of calculating the risk margin according to different methodologies. CNP Assurances SA's choice of method is based on three criteria: the reliability and robustness of the results, the method's ease of application, and its degree of technical complexity.

The risk margin is calculated using the factor-based approach, the second method proposed by the Solvency II technical guidelines. The future capital charge for each risk sub-module is estimated using a specific projection factor.

## 2. Uncertainties and simplifications

The impact of model uncertainties on the Solvency II balance sheet is generally either estimated and allocated to technical reserves in a way that maximises these reserves or used to adjust the model in a way that favours policyholders.

Data uncertainties are also addressed on a conservative basis. Data quality projects drive continuous improvement in the reliability of data used for best estimate calculations.

Uncertainties concerning assumptions are managed in a way that ensures technical reserves are not under-stated.

In accordance with the prudential provisioning policy, CNP Assurances SA prepares a report on the validation of laws and assumptions used in the calculation of prudential technical reserves, endorsed by Executive Management and incorporating an opinion from the actuarial function.

## 3. Main differences compared to the financial statements

Both the French GAAP balance sheet and the Solvency II balance sheet include in liabilities the technical reserves corresponding to the insurer's obligations towards insureds and third parties. Solvency II principles are very different to French GAAP principles, with the result that there are significant differences between the values reported for technical reserves under the two approaches.

The French GAAP balance sheet is presented in accordance with the overriding principle of prudence, which explains the conservative reasoning applied when it comes to choosing biometric tables, inputs and discount rates. The method to be used to calculate technical reserves in the French GAAP accounts is described in a regulation issued by France's accounting standards board (Autorité des Normes Comptables).

Gross technical reserve calculations under French GAAP are rules-based and involve applying static inputs and approaches that severely limit the possibilities of aligning the reserves with the insurer's risk profile. Unlike under Solvency II, this approach does not allow the insurer to take unrealised gains into account in the measurement of obligations towards policyholders.

Conversely, technical reserve calculations under Solvency II are based on a regulation that defines principles rather than rules and as such allow insurers to identify for themselves the methods and inputs most suited to their risk profile. However, Solvency II calculations of technical reserve best estimates are complex and the various metrics can be very volatile, as they depend to a significant extent on the financial environment.

The difference in Solvency II technical reserves compared with technical reserve calculated under French GAAP is down to the methods and assumptions used by CNP Assurances SA to calculate best estimates under Solvency II, as described above.

## 4. Main results

### 4.1 Best estimate of insurance obligations at 31 December 2023

The best estimate of insurance obligations before reinsurance at 31 December 2023 was €266.6 billion.

<i>(In € millions)</i>	Gross best estimate 2023	Gross best estimate 2022	Change YoY
Medical expense insurance	9	0	8
Income protection insurance	1,070	956	113
Workers' compensation insurance	400	357	43
Proportional reinsurance – Medical expense insurance	361	308	53
Proportional reinsurance – Income protection insurance	6	6	-1
Health similar to life insurance	3,629	3,383	246
With-profits life insurance	199,136	199,991	-854
Index-linked and unit-linked insurance	49,717	42,083	7,633
Other life insurance	807	454	352
Health reinsurance	103	84	19
Life reinsurance	11,323	10,580	743
<b>Total</b>	<b>266,558</b>	<b>258,203</b>	<b>8,355</b>

*Best estimate by Solvency II line of business*

CNP Assurances SA's estimated risk margin at 31 December 2023 was €3.80 billion.

<i>(In € millions)</i>	2023 risk margin	2022 risk margin	Change YoY
Medical expense insurance	1	0	1
Income protection insurance	26	22	4
Workers' compensation insurance	15	12	3
Proportional reinsurance – Medical expense insurance	20	15	5
Proportional reinsurance – Income protection insurance	0	0	0
Health similar to life insurance	60	45	15
With-profits life insurance	2,890	2,406	484
Index-linked and unit-linked insurance	186	133	53
Other life insurance	446	403	44
Health reinsurance	0	0	0
Life reinsurance	152	124	28
<b>Total</b>	<b>3,796</b>	<b>3,160</b>	<b>636</b>

*Risk margin by Solvency II line of business*

## D3 Other liabilities

### 1. Valuation principles

#### 1.1 Deferred tax assets and liabilities

##### 1.1.1 Deferred tax calculation base

Deferred tax assets and liabilities are recognised in the Solvency II balance sheet for differences between the tax basis of assets and liabilities and their value in the Solvency II balance sheet. There are several categories of differences:

- Differences between the tax basis and the statutory balance sheet, then
- Differences between the statutory balance sheet and the IFRS balance sheet, then
- Differences between the IFRS balance sheet and the Solvency II balance sheet

They include:

- Timing differences between the recognition of expenses for financial reporting and tax purposes
- Assets: mainly differences in the method used to measure financial assets between the statutory balance sheet (cost model) and the Solvency II balance sheet (fair value model)
- Liabilities: mainly differences in the measurement of technical reserves between the statutory balance sheet and the Solvency II balance sheet

Deferred taxes are recognised on these timing differences and differences in the value of assets and liabilities between the two reporting models.

##### 1.1.2 Deferred tax calculation method

In the Solvency II balance sheet, deferred taxes (assets and liabilities) are calculated, in accordance with IAS 12, as the difference between the value of assets and liabilities in the Solvency II balance sheet and their tax basis:

- All deferred tax liabilities are recognised in the balance sheet. Deferred tax assets are recognised only if it is highly probable that sufficient future profits will be available to permit their recovery
- Deferred tax assets and liabilities are offset at the level of each taxable entity or tax group
- Deferred tax assets and liabilities are not discounted
- Deferred taxes are adjusted for the effect of enacted future changes in tax rates based on estimates of the periods in which the assets are expected to be recovered or the liabilities are expected to be settled

In order to use the work performed for consolidated reporting purposes, deferred taxes recorded in the Solvency II balance sheet correspond to the sum of (i) deferred taxes in the IFRS balance sheet and (ii) deferred taxes arising on differences between the IFRS balance sheet and the Solvency II balance sheet.

Deferred taxes in the Solvency II balance sheet also include deferred taxes on fast close adjustments, based on expected future cash flows.

The corporate income tax rate for 2023 per the French 2023 Finance Act was 25% (25.825% including the 3.3% contribution).



## 1.2 Subordinated liabilities

### 1.2.1 Remeasurement of subordinated debt at best estimate

The subordinated notes issued by CNP Assurances SA are measured in the economic balance sheet at an amount corresponding to the best estimate, as adjusted for the effect of changes in CNP Assurances SA's credit risk (i.e., the value of cash flows discounted at a rate equal to the sum of the risk-free rate and the issue date credit spread paid to note holders).

### 1.2.2 Reclassification of subordinated debt as eligible own-funds under Solvency II

After analysing the characteristics of each subordinated notes issue based on Solvency II own-funds eligibility criteria, all of the Company's subordinated notes issues have been classified in the Solvency II balance sheet as eligible own-funds.

## 1.3 Other liabilities and miscellaneous payables

### Contingent liabilities

Under Solvency II, material contingent liabilities are recognised as liabilities.

A contingent liability is:

- A potential obligation arising from past events, the existence of which will only be confirmed by the occurrence (or not) of one or more uncertain future events that are not entirely under the entity's control
- A current obligation arising from past events but not recognised because:
  - It is not likely that an outflow of resources representing economic benefits will be necessary to settle the obligation
  - The amount of the obligation cannot be assessed with sufficient reliability

A contingent liability is material when its current or potential size or nature is such that it is likely to influence the decisions or assessment of any holder of this information, and in particular the supervisory authorities.

### Other liabilities and miscellaneous payables

The value of other liabilities and miscellaneous payables is broadly aligned with their value in the IFRS balance sheet prepared for consolidation purposes and the French GAAP balance sheet prepared for statutory financial reporting purposes. The amounts reported in the Solvency II balance sheet also include fast close adjustments to other liabilities and miscellaneous payables, based on expected future cash flows.

CNP Assurances SA considers that this value is not materially different from the amount that would be obtained by applying a best estimate approach, given that the cash flows receivable and payable are of a short-term nature (less than one year), and that consequently remeasurement at best estimate is unnecessary.

The best estimate of these liabilities' value may be determined on a case-by-case basis if a material difference is expected to arise between the IFRS value and the Solvency II best estimate, due to discounting adjustments for example.

### 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.

No specific adjustments are made to employee benefit obligations in the Solvency II balance sheet compared to the IFRS balance sheet.

## 2. Differences compared to book value

### 2.1 Subordinated liabilities

In the French GAAP balance sheet, subordinated notes are recognised in debt and measured at amortised cost.

In the Solvency II balance sheet, they remain classified as debt and are measured at fair value.

Subordinated debt amounted to €8.7 billion under French GAAP and €8.1 billion under Solvency II. The valuation difference therefore amounted to -€0.6 billion.

### 2.2 Other liabilities

#### Contingent liabilities

No contingent liabilities were recognised at 31 December 2023.

#### Other liabilities and miscellaneous payables

Other assets and miscellaneous payables amounted to €34.6 billion under Solvency II versus €43.9 billion under French GAAP, representing a difference of €9.3 billion. This difference can be explained as follows:

- Recognition only under French standards of securities as collateral on securities lending transactions (€8.8 billion at 31 December 2023)
- Recognition of reinsurance deposits under the partnership agreement with BPCE for -€0.1 billion in the Solvency II balance sheet. This was because, under Solvency II, the value of in-force business (VIF) and the best estimate of insurance liabilities are taken into account to determine the ceded amounts and the underlying assets are remeasured at fair value
- Accrued charges are eliminated in the Solvency II balance sheet, because they are qualified as insurance liabilities and taken into account in the best estimate. At 31 December 2023, accrued charges amounted to €0.4 billion

#### Employee benefit obligations

Employee benefit obligations recognised at 31 December 2023 amount to €266 million. The amount is identical under French standards and in the Solvency II balance sheet.

## D4 Alternative valuation methods

In the Solvency II balance sheet, instruments measured using level 1 inputs in the notes to the IFRS financial statements are considered as being valued based on quoted market prices in active markets.

Assets measured using alternative methods based on level 2 or 3 fair value inputs in the IFRS financial statements are measured on the same basis in the Solvency II balance sheet, in accordance with section D1 Assets – 1. Valuation principles.

A man and a woman are smiling and looking at a laptop in an office setting. The man is wearing a dark blue button-down shirt and the woman is wearing a grey blazer and glasses. They are both looking at the laptop screen. The background shows a window with blinds and a desk with a laptop and some papers.

E

**Capital  
management**

# E1 Own funds

## 1. Capital management objectives, policies and procedures

### 1.1 Principles

CNP Assurances' capital management principles are designed to fulfil two objectives:

- Comply with the Company's current and five-year projected Solvency Capital Requirement, as calculated in accordance with the principles set out in Article 45 (ORSA) of the Solvency II directive
- Maintain a good quality credit rating

Capital management is essential to guarantee the Company's solvency, alongside methods to reduce required capital (for example by adjusting business volumes or the asset allocation, redefining management actions or future management decisions, purchasing reinsurance cover or hedging instruments, or securitising assets).

It is therefore part of the annual ORSA planning process and gives rise to the preparation each year of a medium-term capital management plan that is submitted to the Board of Directors.

### 1.2 Procedures

Capital management is part of the annual ORSA planning process and gives rise to the preparation each year of a medium-term capital management plan that is submitted to the Board of Directors. This plan takes into account:

- Solvency projections prepared based on the work conducted during the capital management planning process
- Subordinated debt repayments and retirements, if any

It describes possible corporate actions that may be carried out during the ORSA projection period:

- Concerning subordinated debt, it describes the broad objectives and how they are expected to be met. The information provided includes details of grandfathering clauses (see below for details)
- Concerning shares, it describes the assumptions used with respect to outstanding shares, dividend payments and purchases and sales of treasury shares
- It also includes details of any assumptions concerning other components of capital

## 2. List of own-fund items

### 2.1 Basic own funds

The Company's basic own funds consist of the following items:

- Share capital, classified as Tier 1 for an amount of €0.7 billion
- The share premium account, classified as Tier 1 for €1.7 billion

- The reconciliation reserve, corresponding to the sum of the following items:

(In € billions)	31/12/2023
Excess of assets over liabilities	29.7
Treasury shares (held directly or indirectly)	0.0
Foreseeable dividends, distributions and expenses	1.9
Other components of basic own funds <sup>25</sup>	12.0
Adjustment for restricted own-fund items in respect of matching adjustment portfolios and ring-fenced funds	0.0
<b>Reconciliation reserve</b>	<b>15.8</b>

- The inclusion of part of the policyholders' surplus reserve, in accordance with the calculation method recommended by the insurance supervisor (ACPR) pursuant to a proportion Ministerial Order on life insurance companies' surplus own funds published in the Journal Officiel dated 28 December 2019. Surplus own funds amounted to €9.6 billion
- Subordinated notes are measured at their economic value<sup>26</sup>, calculated as the present value of future cash flows payable to note holders (as determined based on each issue's characteristics), discounted at the risk free rate plus the issue date credit spread
- Subordinated notes issued before 2015 are classified as Restricted Tier 1, Tier 2 and Tier 3 in line with the principles of the grandfathering clause:
  - Undated subordinated notes eligible for inclusion in solvency capital for 50% of their amount under the regulations in force on the issue date are classified as Restricted Tier 1 under the Solvency II transitional measures
  - Dated subordinated notes eligible for inclusion in solvency capital for 25% of their amount under the regulations in force on the issue date are classified as Tier 2 under the Solvency II transitional measures

Subordinated notes issued after 2015 have been structured so as to be eligible for inclusion in Restricted Tier 1, Tier 2 or Tier 3, even if the transitional measures are not applied.

## 2.2 Ancillary own funds

The Company does not have any ancillary own funds.

<sup>25</sup> Details of the other components of basic own funds are provided in QRT S.23.01.01 (see Appendix). The amount reflects the inclusion, for the first time, of part of the policyholders' surplus reserve. The included amount was calculated using the method recommended by the insurance supervisor (ACPR) pursuant to the Ministerial Order on life insurance companies' surplus own funds published in the Journal Officiel dated 28 December 2019, which applies to all organisations governed by France's Insurance Code.

<sup>26</sup> Excluding changes in CNP Assurances' own credit risk.

### 3. Own-funds structure, amount and quality

#### 3.1 Description of own funds eligible for inclusion in the SCR coverage ratio

Own funds eligible for inclusion in CNP Assurances' SCR coverage ratio amount to €35.9 billion, as follows:

- €27.8 billion of unrestricted Tier 1 capital, comprising the reconciliation reserve, share capital (excluding any preference shares) and share premium account and surplus own funds
- €8.1 billion of subordinated debt, breaking down as follows, in comparison with data at 31 December 2022:

<i>(In € billions)</i>	31/12/2023	31/12/2022
Restricted Tier 1	2.6	2.6
Tier 2	4.3	3.8
Tier 3	1.1	1.1
<b>Total</b>	<b>8.1</b>	<b>7.5</b>

This analysis distinguishes between unrestricted Tier 1 capital, which is not subject to any cap, and restricted Tier 1 capital, which is capped under Solvency II. The components of Tier 2 and Tier 3 capital are also capped. At 31 December 2023, these quantitative caps on the components of eligible own funds for SCR calculations were not met.

#### 3.2 Description of own funds eligible for inclusion in the MCR coverage ratio

Own funds eligible for inclusion in CNP Assurances' MCR coverage ratio amount to €31.7 billion, as follows:

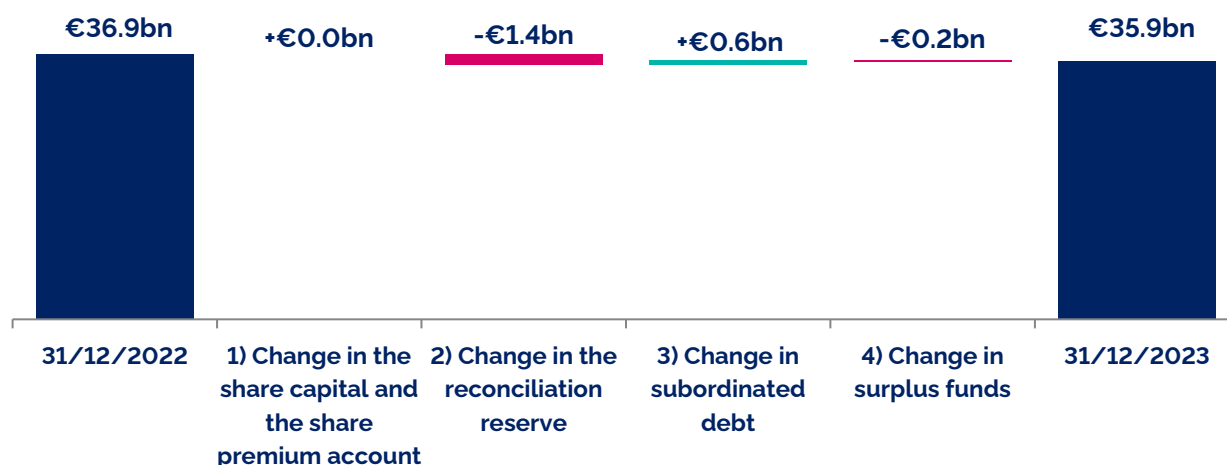
- €27.8 billion of unrestricted Tier 1 capital, comprising the reconciliation reserve, share capital (excluding any preference shares) and share premium account and surplus own funds
- €3.8 billion of subordinated debt, breaking down as follows, in comparison with data at 31 December 2022:

<i>(In € billions)</i>	31/12/2023	31/12/2022
Restricted Tier 1	2.6	2.6
Tier 2	1.2	1.2
Tier 3	0.0	0.0
<b>Total</b>	<b>3.8</b>	<b>3.8</b>

Article 82 of the Delegated Regulation limits the eligible amounts of Tier 2 items to 20% of the MCR. No components of Tier 3 capital are eligible for inclusion in the MCR coverage ratio.

### 3.3 Analysis of changes during the reference period

Changes in own funds (in € billions):



There were no changes in share capital or the share premium account during 2023.

The Company's eligible own funds decreased by €1.0 billion between 31 December 2022 and 31 December 2023, mainly as a result of:

- The decrease in the reconciliation reserve reflecting the recognition of an exceptional dividend
- The increase in the market value of subordinated securities, mainly explained by the issue of a Tier 2 subordinated note, mitigated by the redemption of a Tier 2 subordinated note in the first half of the year
- The decrease in surplus funds linked to the decrease in the nominal value of the eligible policyholder's surplus reserve due to reversals

### 3.4 Comparative analysis of IFRS equity and Solvency II own funds

The difference between French GAAP equity (€14.1 billion) and Solvency II own funds (€35.9 billion) can be explained as follows:

- Remeasurement of assets due to differences between French GAAP and Solvency II principles (including borrowings and derivatives): -€0.4 billion
- Remeasurement of liabilities (mainly technical reserves) due to differences between French GAAP and Solvency II principles: +€16.0 billion
- Inclusion of subordinated debt in Solvency II own funds: +€8.1 billion
- Deduction of forecast dividends from Solvency II own funds: -€1.9 billion



### 3.5 Description of own-fund items to which transitional measures have been applied

The transitional measures provided for in the Omnibus II Directive (Directive 2014/51/EU) have been applied to subordinated notes issued before 2015. These notes are included in restricted Tier 1 capital (undated notes) or Tier 2 capital (dated notes) for a period of ten years ending on 1 January 2026, although they would not fulfil all of the eligibility criteria for inclusion in basic own funds under Solvency II in the absence of transitional measures.

The 10 subordinated notes issues concerned together represent €2.1 billion out of a total of €8.1 billion in subordinated debt (at fair value) in the Solvency II balance sheet at 31 December 2023. The terms and conditions applicable to these issues vary from one issue to another.

### 3.6 Plans to replace components of own funds to which transitional measures have been applied

Subordinated debt to which transitional measures have been applied will no longer be eligible for inclusion in solvency capital as from January 2026. A significant proportion of this debt can be replaced by then, by retiring the notes on the first possible call date.

Issues that cannot be retired before 2026 can be either be classified in a lower *tier and kept* or redeemed early at a date close to January 2026 by invoking the clause allowing early redemption due to regulatory disqualification.

All subordinated notes issued since 2015 have been structured to be compatible with the final Solvency II rules and the same will apply to all future issues.

## E2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

### 1. SCR and MCR at 31 December 2023

The SCR was €13.3 billion and the SCR coverage ratio was 270%. The MCR was €6.0 billion and the MCR coverage ratio was 530%.

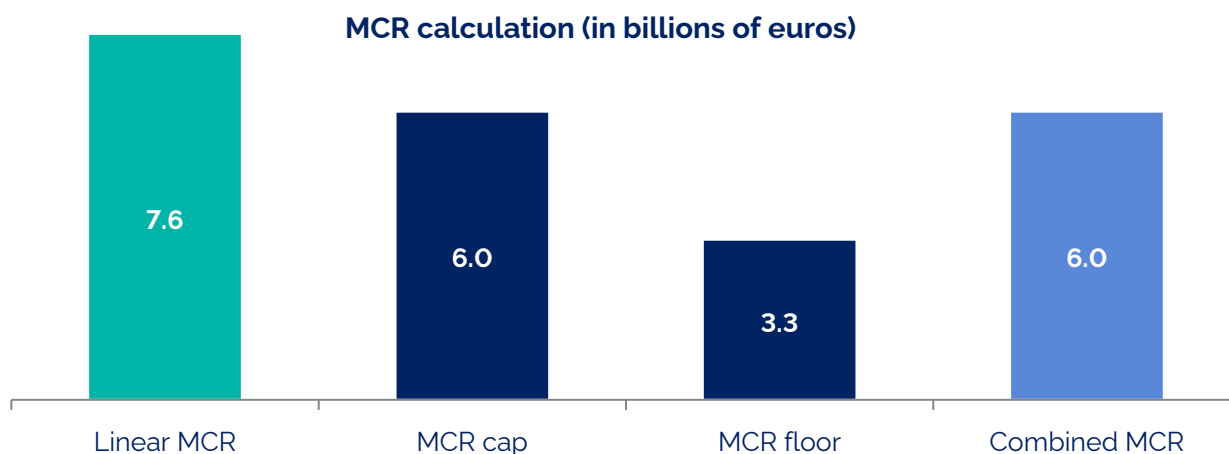
### 2. Minimum Capital Requirement (MCR)

MCR is determined as follows:

- Calculation of linear MCR by combining technical reserves by line of business on a linear basis
- Determination of the MCR floor and cap:
  - The MCR floor represents 25% of the SCR
  - The MCR cap represents 45% of the SCR

The value of the combined MCR corresponds to that of the linear MCR unless the linear MCR falls outside the above range of values. If this is the case, the value of the MCR corresponds to either the cap or the floor.

CNP Assurances' MCR corresponds to the MCR cap, i.e., €6.0 billion.



### 3. Solvency Capital Requirement (SCR)

#### 3.1 Quantitative SCR information by risk module

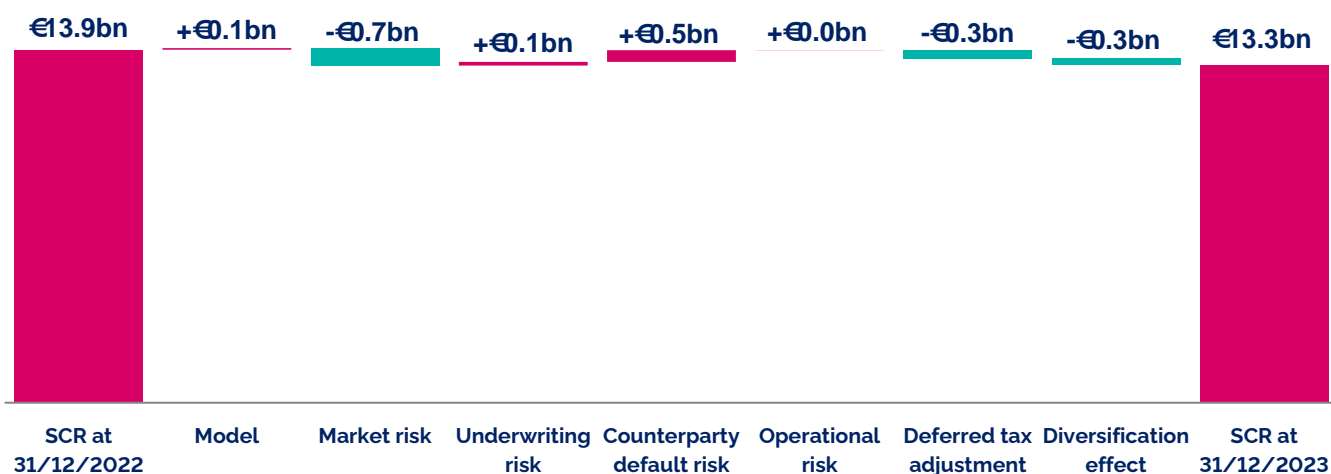
Breakdown of the Company's SCR by risk module, net of losses absorbed by future discretionary benefits:

(In € billions)	31/12/2023
Market risk SCR	9.5
Counterparty default risk SCR	1.4
Life underwriting risk SCR	5.1
Health underwriting risk SCR	1.3
Non-life underwriting risk SCR	0.0
Diversification effect	-4.5
Intangible asset risk SCR	0.0
<b>Basic SCR</b>	<b>12.9</b>
Operational risk SCR	1.1
Loss-absorbing capacity of deferred taxes	-0.7
Other*	0.0
<b>SCR</b>	<b>13.3</b>

\* Other items, including adjustment due to ring-fenced fund SCR aggregation.

#### 3.2 Significant changes during the period

Changes in the Company's SCR at 31 December 2022 (In € billions):



The SCR was €13.3 billion, representing a decrease of €0.6 billion from the previous year-end.

The increase can be explained as follows:

- The €0.7 billion decrease in the market SCR, mainly due to:
  - The fall in the equity SCR explained by derisking on equities
  - The fall in the real estate SCR linked to the fall in the market value of real estate assets
- The €0.1 billion increase in the underwriting SCR explained by an increase in the fee SCR linked to the updating of fees and the increase in the mortality SCR
- The €0.5 billion increase in the counterparty SCR explained by the increase in LGDs on temporary sales and the increase in receivables >90 days in the borrower segment
- The decrease in the deferred tax adjustment of €0.3 billion in connection with the increase in future margins

## 4. Impact of volatility adjustment on solvency indicators

The impact of the volatility adjustment on solvency indicators is presented below:

<i>(In € billions)</i>	Before volatility adjustment	After volatility adjustment	Impact
Minimum Capital Requirement (MCR)	6.2	6.0	-0.3
Solvency Capital Requirement (SCR)	13.9	13.3	-0.6
Basic own funds	35.4	35.9	0.5
Eligible own funds to cover the MCR	31.2	31.7	0.4
Eligible own funds to cover the SCR	35.4	35.9	0.5
<b>Solvency II coverage ratio</b>	<b>256%</b>	<b>270%</b>	<b>15 pts</b>

The increased impact was due to the wider corporate and sovereign spreads observed during the year (15-point impact in 2022 versus 10-point impact in 2021).

## E3 Use of duration-based equity risk sub-module

CNP Assurances SA does not use the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

## E4 Differences between the standard formula and any internal model used

CNP Assurances SA does not use any internal models.

## E5 Non-compliance with MCR and SCR

CNP Assurances SA has not breached its obligations in terms of MCR and SCR.



F

## Appendix: QRTS

Quantitative reporting  
templates for public  
disclosure



Presentation currency: € thousands

Legal name: CNP ASSURANCES

Year ended: 31/12/2023

## S.02.01.02 – Balance sheet

<b>Assets</b>		
Intangible assets	R0030	0
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant and equipment held for own use	R0060	52,275
Investments (other than assets held for index-linked and unit-linked policies)	R0070	271,269,119
Property (other than for own use)	R0080	978,615
Holdings in related undertakings, including participations	R0090	10,459,199
Equities	R0100	21,679,920
Equities - listed	R0110	12,773,951
Equities - unlisted	R0120	8,905,970
Fixed income	R0130	170,967,705
Government bonds	R0140	81,949,695
Corporate bonds	R0150	66,429,584
Structured notes	R0160	19,616,749
Collateralised securities	R0170	2,971,677
Collective investments undertakings	R0180	65,486,631
Derivatives	R0190	1,624,793
Deposits other than cash equivalents	R0200	72,255
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	51,625,640
Loans and mortgages	R0230	1,859,285
Loans on policies	R0240	332,608
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	1,526,677
Reinsurance recoverables	R0270	10,496,872
Non-life and health similar to non-life	R0280	226,672
Non-life excl. health	R0290	
Health similar to non-life	R0300	226,672
Life and health similar to life, excluding health, index-linked and unit-linked	R0310	8,533,463
Health similar to life	R0320	201,678
Life excluding health, index-linked and unit-linked	R0330	8,331,785
Life index-linked and unit-linked	R0340	1,736,737
Deposits to cedants	R0350	541,869
Insurance and intermediaries receivables	R0360	2,629,385
Reinsurance receivables	R0370	17,830
Other receivables (excluding insurance)	R0380	4,889,287
Own shares (held directly)	R0390	5,218
Amounts due in respect of own-fund items or initial funds called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	405,417
Any other assets, not elsewhere shown	R0420	270,174
<b>Total assets</b>	<b>R0500</b>	<b>344,062,372</b>

<b>Liabilities</b>		
Non-life technical provisions	R0510	1,907,374
Technical provisions – non-life (excluding health)	R0520	
Technical provisions calculated as a whole	R0530	
Best estimate	R0540	
Risk margin	R0550	
Technical provisions — health (similar to non-life)	R0560	1,907,374
Technical provisions calculated as a whole	R0570	
Best estimate	R0580	1,844,007
Risk margin	R0590	63,367
Technical provisions – Life (excluding index-linked and unit-linked)	R0600	217,783,197
Technical provisions – health (similar to life)	R0610	3,793,755
Technical provisions calculated as a whole	R0620	
Best estimate	R0630	3,731,892
Risk margin	R0640	61,863
Technical provisions – life (excluding health, index-linked and unit-linked)	R0650	213,989,443
Technical provisions calculated as a whole	R0660	
Best estimate	R0670	210,505,415
Risk margin	R0680	3,484,028
Technical provisions – Index-linked and unit-linked funds	R0690	50,663,477
Technical provisions calculated as a whole	R0700	
Best estimate	R0710	50,476,901
Risk margin	R0720	186,576
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	86,343
Pension benefit obligations	R0760	265,487
Deposits from reinsurers	R0770	10,289,906
Deferred tax liabilities	R0780	681,851
Derivatives	R0790	651,576
Debts owed to credit institutions	R0800	302,867
Financial liabilities other than amounts owed to credit institutions	R0810	18,129,857
Insurance and intermediaries payables	R0820	551,536
Reinsurance payables	R0830	495,802
Payables (trade, not insurance)	R0840	4,478,494
Subordinated liabilities	R0850	8,060,319
Subordinated liabilities not in basic own funds	R0860	
Subordinated liabilities in basic own funds	R0870	8,060,319
Any other liabilities, not elsewhere shown	R0880	17,106
Total liabilities	R0900	314,365,191
Excess of assets over liabilities	R1000	29,697,181

## Solvency II balance sheet – Assets (In € billions)

Assets, Solvency II values <i>(in billions of euros)</i>	31/12/2023	Corresponding section of the SFCR
Intangible assets	0.0	D1
Deferred tax assets	0.0	D3
Pension benefit surplus	0.0	D3
Property, plant and equipment held for own use	0.0	D1
Investments (other than assets held for index-linked and unit-linked policies) <sup>27</sup>	271.3	D1
Asset held in unit-linked and index-linked contracts	51.6	D1
Loans and mortgages	1.9	D1
Reinsurance recoverables	10.5	D2
Other assets and miscellaneous receivables <sup>28</sup>	8.8	D1
<b>Total</b>	<b>344.1</b>	

### Notes:

- The €324.1 billion in insurance investments referred to in the narrative report comprises investments (including derivative instruments with a negative fair value), assets held in unit-linked funds, loans and mortgages
- The €8.8 billion in other assets referred to in the narrative report comprises other assets and miscellaneous receivables and property, plant and equipment held for own use

Liabilities, Solvency II values <i>(in billions of euros)</i>	31/12/2023	Corresponding section of the SFCR
Technical reserves	270.4	D2
Subordinated liabilities	8.1	D3
Deferred tax liabilities	0.7	
Derivative instruments	0.6	
Contingent liabilities	0.0	D3
Other liabilities and miscellaneous payables	34.6	D3
<b>Total</b>	<b>314.4</b>	
<b>Excess of assets over liabilities</b>	<b>29.7</b>	E1

<sup>27</sup> Not including derivative instruments with a negative fair value for €1.4 billion.

<sup>28</sup> Not including property, plant and equipment held for own use in the amount of €39 million.

## S.05.01.02 – Premiums, claims and expenses by line of business

Non-life insurance and reinsurance obligations

	Line of business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)				Total
	Medical expense insurance	Income protection insurance	Workers' compensation insurance		
	C0010	C0020	C0030	C0200	
<b>Premiums written</b>					
Gross - Direct Business	R0110	97,867	320,984	211,705	630,557
Gross - Proportional reinsurance accepted	R0120	145,399	46,378	3,677	195,454
Gross - Non-proportional reinsurance accepted	R0130				
Reinsurers' share	R0140	15,020	1,458	0	16,478
<b>Net</b>	<b>R0200</b>	<b>228,246</b>	<b>365,904</b>	<b>215,382</b>	<b>809,533</b>
<b>Premiums earned</b>					
Gross - Direct Business	R0210	106,473	360,808	232,655	699,936
Gross - Proportional reinsurance accepted	R0220	232,136	29,001	-2,317	258,820
Gross - Non-proportional reinsurance accepted	R0230				
Reinsurers' share	R0240	33,112	2,855	0	35,967
<b>Net</b>	<b>R0300</b>	<b>305,497</b>	<b>386,953</b>	<b>230,338</b>	<b>922,788</b>
<b>Claims incurred</b>					
Gross - Direct Business	R0310	52,181	378,576	170,578	601,335
Gross - Proportional reinsurance accepted	R0320	186,771	39,139	209	226,119
Gross - Non-proportional reinsurance accepted	R0330				
Reinsurers' share	R0340	33,951	868	0	34,819
<b>Net</b>	<b>R0400</b>	<b>205,001</b>	<b>416,847</b>	<b>170,787</b>	<b>792,635</b>
<b>Expenses incurred</b>	<b>R0550</b>	<b>47,895</b>	<b>63,450</b>	<b>29,328</b>	<b>140,673</b>
<b>Balance – Other technical expenses/revenue</b>	<b>R1210</b>				
<b>Total expenses</b>	<b>R1300</b>				<b>140,673</b>

Life insurance and reinsurance obligations

	Line of business for: life insurance obligations				Life reinsurance obligations		Total	
	Health insurance	With-profits life insurance	Index-linked and unit-linked insurance	Other life insurance	Health reinsurance	Life reinsurance		
	C0210	C0220	C0230	C0240	C0270	C0280		C0300
<b>Premiums written</b>								
Gross	R1410	893,222	8,468,608	5,973,915	1,427,252	2,614	1,911,286	18,676,898
Reinsurers' share	R1420	58,134	150,351	131,594	128,304	0	6,689	475,072
<b>Net</b>	<b>R1500</b>	835,088	8,318,257	5,842,321	1,298,948	2,614	1,904,597	18,201,826
<b>Premiums earned</b>								
Gross	R1510	997,998	8,456,998	5,999,202	1,833,392	4,564	1,960,302	19,252,456
Reinsurers' share	R1520	46,096	149,448	131,486	72,265	0	9,672	408,967
<b>Net</b>	<b>R1600</b>	951,902	8,307,550	5,867,716	1,761,127	4,564	1,950,630	18,843,489
<b>Claims incurred</b>								
Gross	R1610	449,916	16,285,260	2,322,848	613,130	692	1,341,886	21,013,734
Reinsurers' share	R1620	10,863	603,686	75,362	24,707	0	3,787	718,404
<b>Net</b>	<b>R1700</b>	439,053	15,681,574	2,247,487	588,423	692	1,338,100	20,295,330
<b>Expenses incurred</b>	<b>R1900</b>	528,163	1,349,612	325,352	848,367	863	108,302	3,160,660
<b>Balance – Other technical expenses/revenue</b>	<b>R2510</b>							
<b>Total expenses</b>	<b>R2600</b>							3,160,660
<b>Expenses incurred</b>	<b>R2700</b>	44	8,138,367	1,597,977	8,241	0	898,814	10,643,442

## S.12.01.02 – SLT Life and Health Technical Provisions

		With-profits life insurance	Index-linked and unit-linked insurance		
			Policies without options or guarantees	Policies with options or guarantees	
		C0020	C0030	C0040	C0050
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>				
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default, corresponding to technical reserves calculated as a whole	<b>R0020</b>				
<b>Technical reserves calculated as the sum of the best estimate and the risk margin</b>					
<b>Best estimate</b>					
<b>Gross best estimate</b>	<b>R0030</b>	199,136,107			49,716,513
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default	<b>R0080</b>	8,311,147			1,736,737
Best estimate net of recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance	<b>R0090</b>	190,824,960			47,979,776
<b>Risk margin</b>	<b>R0100</b>	2,866,970	185,277		
<b>Technical reserves - Total</b>	<b>R0200</b>	202,003,077	49,901,791		

		Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Reinsurance accepted	Total (life excluding health, including unit-linked)
			Policies without options or guarantees	Policies with options or guarantees			
		C0060	C0070	C0080	C0090	C0100	C0150
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>						
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default, corresponding to technical reserves calculated as a whole	<b>R0020</b>						
<b>Technical reserves calculated as the sum of the best estimate and the risk margin</b>							
<b>Best estimate</b>							
<b>Gross best estimate</b>	<b>R0030</b>		806,525			11,323,172	260,982,317
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default	<b>R0080</b>		5,698			14,940	10,068,522
Best estimate net of recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance	<b>R0090</b>		800,827			11,308,232	250,913,794
<b>Risk margin</b>	<b>R0100</b>	460,933				157,424	3,670,605
<b>Technical reserves - Total</b>	<b>R0200</b>	1,267,458				11,480,596	264,652,921



		Health insurance (direct insurance)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (health similar to life)
			Policies without options or guarantees	Policies with options or guarantees			
		C0160	C0170	C0180	C0190	C0200	C0210
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>						
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default, corresponding to technical reserves calculated as a whole	<b>R0020</b>						
<b>Technical reserves calculated as the sum of the best estimate and the risk margin</b>							
<b>Best estimate</b>							
<b>Gross best estimate</b>	<b>R0030</b>		3,629,129			102,763	3,731,892
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default	<b>R0080</b>		201,678			0	201,678
Best estimate net of recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance	<b>R0090</b>		3,427,451			102,763	3,530,214
<b>Risk margin</b>	<b>R0100</b>	61,863				0	61,863
<b>Technical reserves - Total</b>	<b>R0200</b>	3,690,991				102,763	3,793,755

## S.17.01.02 – Non-life Technical Provisions

		Direct insurance and proportional reinsurance accepted			Total non-life commitments
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	
		C0020	C0030	C0040	
<b>Technical provisions calculated as a whole</b>	<b>R0010</b>				
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default, corresponding to technical reserves calculated as a whole	<b>R0050</b>				
<b>Technical reserves calculated as the sum of the best estimate and the risk margin</b>					
<b>Best estimate</b>					
Premium reserves					
Gross - total	<b>R0060</b>	31,267	32,121	-18,735	44,654
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default	<b>R0140</b>	-1,855	1,892	0	37
Best estimate net of premium reserves	<b>R0150</b>	33,122	30,229	-18,735	44,616
<b>Claims reserves</b>					
Gross - total	<b>R0160</b>	337,941	1,043,121	418,292	1,799,354
Total recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default	<b>R0240</b>	206,910	19,725	0	226,635
Best estimate net of claims reserves	<b>R0250</b>	131,031	1,023,396	418,292	1,572,719
<b>Total best estimate total - gross</b>	<b>R0260</b>	369,208	1,075,242	399,557	1,844,007
<b>Total best estimate - net</b>	<b>R0270</b>	164,153	1,053,624	399,557	1,617,335
<b>Risk margin</b>	<b>R0280</b>	21,341	26,856	15,169	63,367
<b>Technical reserves - Total</b>					
Technical reserves - Total	<b>R0320</b>	390,550	1,102,098	414,726	1,907,374
Recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance, after adjustment for probable losses due to counterparty default - Total	<b>R0330</b>	205,055	21,617	0	226,672
Technical reserves net of recoverable amounts from reinsurance/securitisation vehicles and finite reinsurance	<b>R0340</b>	185,495	1,080,481	414,726	1,680,702

# S.19.01.21 – Non-life Insurance Claims

## Non-life Insurance Claims

Year of accident/year of subscription

Z0020 1

### Gross claims paid (not cumulative)

#### Year of development

Year	Year of development											
	0	1	2	3	4	5	6	7	8	9	≥10	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	
Previous	R0100											0
N-9	R0160	0	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0	0			
N-6	R0190	187,973	428,203	114,938	48,574	22,787	8,727	6,741				
N-5	R0200	196,986	391,721	105,251	64,282	17,292	13,572					
N-4	R0210	166,605	365,177	131,368	55,456	23,458						
N-3	R0220	150,256	340,051	114,039	50,709							
N-2	R0230	153,158	370,476	114,657								
N-1	R0240	162,174	326,156									
N	R0250	131,619										

	For the current year	Sum of years (cumulative)
	C0170	C0180
R0100	0	0
R0160	0	0
R0170	0	0
R0180	0	0
R0190	6,741	817,941
R0200	13,572	789,104
R0210	23,458	742,064
R0220	50,709	655,054
R0230	114,657	638,291
R0240	326,156	488,330
R0250	131,619	131,619
<b>Total</b>	<b>R0260</b>	<b>666,911</b>
		<b>4,262,403</b>

## Best estimate of non-discounted gross claims reserves

Year	Year of development										
	0	1	2	3	4	5	6	7	8	9	≥10
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Previous	R0100										0
N-9	R0160	0	0	0	0	0	0	0	0	0	
N-8	R0170	0	0	0	0	0	0	0	0		
N-7	R0180	0	0	0	0	0	0	0			
N-6	R0190	931,358	393,105	289,207	223,192	28,842	16,028	7,675			
N-5	R0200	736,791	374,953	208,893	124,046	30,844	23,364				
N-4	R0210	740,249	346,332	262,284	64,053	49,968					
N-3	R0220	714,803	439,124	175,632	94,795						
N-2	R0230	719,754	404,781	205,303							
N-1	R0240	627,439	464,834								
N	R0250	657,681									

	Year-end (updated data)
	C0360
R0100	0
R0160	0
R0170	0
R0180	0
R0190	7,259
R0200	22,256
R0210	47,498
R0220	89,588
R0230	188,027
R0240	418,850
R0250	606,768
<b>Total</b>	<b>1,380,246</b>

## S.22.01.21 – Impact of long term guarantees and transitional measures

		Amount with long term guarantees and transitional measures	Impact of transitional measures on technical provisions	Impact of transitional measures on interest rates	Impact of volatility adjustment set to zero	Impact of a matching adjustment set to zero
		<b>C0010</b>	<b>C0030</b>	<b>C0050</b>	<b>C0070</b>	<b>C0090</b>
Technical provisions	<b>R0010</b>	270,354,049	0	0	732,951	0
Basic own funds	<b>R0020</b>	35,888,586	0	0	-489,884	0
Eligible own funds to cover the SCR	<b>R0050</b>	35,888,586	0	0	-489,884	0
Solvency Capital Requirement (SCR)	<b>R0090</b>	13,274,371	0	0	576,666	0
Eligible own funds to meet the minimum capital requirement	<b>R0100</b>	31,652,498	0	0	-437,985	0
Minimum Capital Requirement (MCR)	<b>R0110</b>	5,973,467	0	0	259,500	0

## S.23.01.01 – Own funds

		Total	Level 1 – Unrestricted	Level 1 – Restricted	Level 2	Level 3
		C0010	C0020	C0030	C0040	C0050
<b>Basic own funds before deduction for holdings in other financial sectors, as provided for in Article 68 of Delegated Regulation 2015/35</b>						
Ordinary share capital (gross of own shares)	R0010	686,618	686,618			
Share premium account related to ordinary share capital	R0030	1,716,846	1,716,846			
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070	9,632,262	9,632,262			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	15,792,541	15,792,541			
Subordinated liabilities	R0140	8,060,319		2,629,538	4,302,009	1,128,772
Amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by supervisory authority as basic own funds not specified above	R0180					
<b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
<b>Deductions</b>						
Deductions for holdings in credit institutions and financial institutions	R0230					
Total basic own funds after deductions	R0290	35,888,586	27,828,267	2,629,538	4,302,009	1,128,772
<b>Ancillary own funds</b>						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares, callable on demand	R0320					
Legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of Directive 2009/138/EC	R0360					
Supplementary members calls - other than under Article 96(3) of Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

		Total	Level 1 – Unrestricted	Level 1 – Restricted	Level 2	Level 3
		C0010	C0020	C0030	C0040	C0050
<b>Eligible and available own funds</b>						
Total available own funds to meet the solvency capital requirement	R0500	35,888,586	27,828,267	2,629,538	4,302,009	1,128,772
Total available own funds to meet the minimum capital requirement	R0510	34,759,814	27,828,267	2,629,538	4,302,009	
Total eligible own funds to meet the solvency capital requirement	R0540	35,888,586	27,828,267	2,629,538	4,302,009	1,128,772
Total eligible own funds to meet the minimum capital requirement	R0550	31,652,498	27,828,267	2,629,538	1,194,693	
Solvency Capital Requirement (SCR)	R0580	13,274,371				
Minimum Capital Requirement (MCR)	R0600	5,973,467				
Ratio of eligible own funds to solvency capital requirement	R0620	2.70				
Ratio of eligible own funds to minimum capital requirement	R0640	5.30				

		C0060
<b>Reconciliation reserve</b>		
Excess of assets over liabilities	R0700	29,697,181
Own shares (held directly or indirectly)	R0710	5,218
Foreseeable dividends, distributions and expenses	R0720	1,863,696
Other basic own fund items	R0730	12,035,726
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	
Reconciliation reserve	R0760	15,792,541
<b>Expected profits</b>		
Expected profit in future premiums (EPIFP) – Life business	R0770	1,478,393
Expected profit in future premiums (EPIFP) – Non-life business	R0780	24,903
<b>Total expected profit in future premiums (EPIFP)</b>	<b>R0790</b>	<b>1,503,297</b>

## S.25.01.21 – Solvency Capital Requirement (for undertakings on Standard Formula)

		Gross solvency capital requirement	Simplifications	USP
		C0110	C0120	C0090
Market risk	R0010	26,280,599		
Counterparty default risk	R0020	1,415,533		
Life underwriting risk	R0030	12,678,116		None
Health underwriting risk	R0040	1,955,719		None
Non-life underwriting risk	R0050	0		None
Diversification effect	R0060	-9,301,474		
Intangible asset risk	R0070	0		
<b>Basic Solvency Capital Requirement</b>	<b>R0100</b>	<b>33,028,493</b>		

Calculation of the Solvency Capital Requirement		C0100
Operational risk	R0130	1,081,331
Loss-absorbing capacity of technical provisions	R0140	-20,153,602
Loss-absorbing capacity of deferred taxes	R0150	-681,851
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
<b>Solvency Capital Requirement excluding capital add-on</b>	<b>R0200</b>	<b>13,274,371</b>
Capital add-ons already set	R0210	
Of which capital add-ons already set – Article 37(1)(a)	R0211	
Of which capital add-ons already set – Article 37(1) b)	R0212	
Of which capital add-ons already set – Article 37(1) c)	R0213	
Of which capital add-ons already set – Article 37(1) d)	R0214	
<b>Solvency Capital Requirement (SCR)</b>	<b>R0220</b>	<b>13,274,371</b>
<b>Other SCR information</b>		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for the remaining part	R0410	13,274,371
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Tax rate approach		C0109
Average tax rate approach	R0590	1



<b>Loss-absorbing capacity of deferred taxes</b>		<b>C0130</b>
LAC DT	<b>R0640</b>	-681,851
LAC DT justified by the reversal of deferred tax liabilities	<b>R0650</b>	-681,851
LAC DT justified in view of probable future taxable economic profits	<b>R0660</b>	0
LAC DT justified by carry forwards, current financial year	<b>R0670</b>	0
LAC DT justified by carry forwards, future financial years	<b>R0680</b>	0
Maximum LAC DT	<b>R0690</b>	681,851

## S.28.02.01 – Minimum Capital Requirement (both life and non-life insurance activity)

		Non-life activities	Life activities
		MCR result (NL,NL)	MCR result (NL,NL)
		C0010	C0020
Term of the linear formula for non-life insurance and reinsurance commitments	R0010	228,880	

		Non-life activities		Life activities	
		Best estimate and technical reserves calculated as a whole, net (of reinsurance/securitisation vehicles)	Premiums written over the last 12 months, net (of reinsurance)	Best estimate and technical reserves calculated as a whole, net (of reinsurance/securitisation vehicles)	Premiums written over the last 12 months, net (of reinsurance)
		C0030	C0040	C0050	C0060
Medical expense insurance and corresponding proportional reinsurance	R0020	164,153	33,292		
Income protection insurance, including corresponding proportional reinsurance	R0030	1,053,624	294,284		
Worker compensation insurance and corresponding proportional reinsurance	R0040	399,557	184,118		
Motorist liability insurance and corresponding proportional reinsurance	R0050	0	0		
Other motor vehicle insurance and corresponding proportional reinsurance	R0060	0	0		
Marine, aviation and transport insurance and corresponding proportional reinsurance	R0070	0	0		
Fire and other property damage insurance and corresponding proportional reinsurance	R0080	0	0		
General liability insurance and corresponding proportional reinsurance	R0090	0	0		
Credit and guarantee insurance and corresponding proportional reinsurance	R0100	0	0		
Legal protection insurance and corresponding proportional reinsurance	R0110	0	0		
Personal assistance insurance and corresponding proportional reinsurance	R0120	0	0		
Miscellaneous financial loss insurance and corresponding proportional reinsurance	R0130	0	0		
Non-proportional health reinsurance	R0140	0	0		
Non-proportional accident reinsurance	R0150	0	0		
Non-proportional marine, air and transport reinsurance	R0160	0	0		
Non-proportional P&C reinsurance	R0170	0	0		

		Non-life activities	Life activities
		MCR result (L,NL)	MCR result (L,L)
		C0070	C0080
Term of the linear formula for life insurance and reinsurance commitments	R0200		7,355,586

		Non-life activities		Life activities	
		Best estimate and technical reserves calculated as a whole, net (of reinsurance/securitisation vehicles)	Total capital at risk, net (of surance/securitisation vehicles)	Best estimate and technical reserves calculated as a whole, net (of reinsurance/securitisation vehicles)	Total capital at risk, net (of reinsurance/securitisation vehicles)
		C0090	C0100	C0110	C0120
Commitments with participation - Benefits covered	R0210			184,325,750	
Commitments with participation - Future discretionary benefits	R0220			26,153,790	
Insurance commitments with indexed and unit-linked benefits	R0230			48,740,163	
Other life and health insurance and reinsurance commitments	R0240			4,856,566	
Total amount of capital at risk for all life insurance and reinsurance commitments	R0250				2,074,801,624

#### Calculation of overall MCR

		C0130
Linear MCR	R0300	7,584,466
Solvency Capital Requirement (SCR)	R0310	13,274,371
MCR cap	R0320	5,973,467
MCR floor	R0330	3,318,593
Combined MCR	R0340	5,973,467
Absolute MCR floor	R0350	6,700
<b>Minimum Capital Requirement (MCR)</b>	<b>R0400</b>	<b>5,973,467</b>

#### Calculation of the notional amount of MCR in non-life and life insurance

		Non-life activities	Life activities
		C0140	C0150
Notional amount of linear MCR	R0500	228,880	7,355,586
Notional amount of SCR excluding additional capital (annual calculation or last calculation)	R0510	400,588	12,873,784
Cap on the notional amount of the MCR	R0520	180,264	5,793,203
Floor of the notional amount of the MCR	R0530	100,147	3,218,446
Notional amount of the combined MCR	R0540	180,264	5,793,203
Absolute floor of the notional amount of the MCR	R0550	2,700	4,000
Notional amount of the MCR	R0560	180,264	5,793,203



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**Glossary**



**Administrative, Management or Supervisory Body (AMSB):** Based on the definition in Solvency II, in the case of CNP Assurances which has a single-tier board system, the administrative, management or supervisory body corresponds to the Board of Directors and Executive Management.

**New business:** Constituent of the contractual service margin (CSM) linked to contracts entered into during the year. New business is determined in accordance with IFRS 9 and IFRS 17.

**Attributable new business:** A component of the insurance margin. Corresponds to the contribution of new business to profit for the year. Attributable new business is determined in accordance with IFRS 9 and IFRS 17.

**Annual Premium Equivalent (APE):** One tenth of the sum of single premiums and flexible premiums plus the annualised amount of regular premiums written during the period, net of non-controlling interests and ceded premiums. APE is an indicator of underwriting volume.

**Autorité de Contrôle Prudentiel et de Résolution (ACPR):** France's banking and insurance supervisor.

**Overall solvency needs:** Required capital as estimated during the ORSA process, taking into account the reporting entity's specific risk profile, approved risk tolerance limits and business strategy.

**Best Estimate (BE):** Corresponds to the best estimate of insurance liabilities as calculated in accordance with Solvency II principles.

**Business units (BUs):** Units responsible for business development and insurance contract administration processes.

**Premium income:** Corresponds to earned premiums, by business segment. This indicator includes non-controlling interests and reinsurance. It measures sales activity over the period. Premium income is a non-GAAP indicator.

**Net inflows:** Calculated, using management data, in accordance with the principles applicable to consolidated financial statements in France, i.e. before restatements linked to the deposit accounting applied to financial contracts without discretionary profit sharing, by deducting benefits paid (death capital, maturing policies, partial surrenders, total surrenders, annuities) from premiums received. This indicator includes non-controlling interests and reinsurance. It is used to measure the impact on outstanding amounts of premiums received and benefits paid to policyholders and beneficiaries. This indicator is published annually and is a non-GAAP indicator.

**Contractual Service Margin (CSM):** Represents a "provision for profits", released in line with the policy coverage period. The CSM cannot be negative. If applicable, the underlying contract becomes an onerous contract and is recorded in the Loss Component. The contractual service margin is determined in accordance with IFRS 9 and IFRS 17.

**EIOPA:** European Insurance and Occupational Pensions Authority.

**Change at constant exchange rates:** In a constant exchange rate comparison, the exchange rate of the previous period is applied to the current period. This indicator is used to measure the change in the main indicators excluding exchange rate effects.

**Change at constant scope:** In a constant scope comparison, the contribution of activities sold or discontinued is removed from the scope of the previous period, and the contribution of new activities is removed from the scope of the current period. This indicator is used to measure the change of the main indicators for a comparable scope of activity.

**Required Solvency Margin (RSM):** the minimum amount for the solvency margin. In accordance with the provisions of Article R.385-2 of the French Insurance Code, the required solvency margin is established as a function of mathematical and technical provisions.

**Key functions:** There are four key functions defined in Solvency II – Internal Audit, Actuarial, Risk Management and Compliance. These functions are considered as playing a strategic role in the risk management process and the heads of these functions must comply with the Directive's fit and proper requirements.

**Eligible own funds for MCR calculations:** Sum of Tier 1 and Tier 2 own funds eligible for inclusion in the Minimum Capital Requirement (MCR). For calculation purposes, restricted Tier 1 own funds are limited to 20% of total Tier 1 own funds and Tier 2 own funds are limited to 20% of the MCR. Tier 3 own funds are not eligible for inclusion in the MCR.

**Eligible own funds for SCR calculations:** Sum of Tier 1, Tier 2 and Tier 3 own funds eligible for inclusion in the Solvency Capital Requirement (SCR). For calculation purposes, restricted Tier 1 own funds are limited to 20% of total Tier 1 own funds, Tier 2 and Tier 3 own funds are limited to 50% of the SCR and Tier 3 own funds are limited to 15% of SCR.

**Unrestricted Tier 1 capital:** capital classified as Tier 1 excluding subordinated debt. This is calculated as the sum of the share capital, issue, merger and contribution premiums, and the reconciliation reserve minus non-fungible own funds.

**Restricted Tier 1 own funds:** Subordinated notes classified in Tier 1, including grandfathering of undated subordinated notes issued before Solvency II came into effect.

**Tier 2 own funds:** Subordinated notes classified in Tier 2, including grandfathering of dated subordinated notes issued before Solvency II came into effect.

**Tier 3 own funds:** Subordinated notes classified in Tier 3 plus any net deferred tax assets also classified in Tier 3.

**Management fees:** Administration and management costs of insurance policies excluding commissions paid to distributors. They are calculated including non-controlling interests. Management fees include attributable expenses for the entire scope and non-attributable expenses for the insurance companies scope. Management fees are determined in accordance with IFRS 9 and IFRS 17.

**Solvency margin (SM):** regulatory capital plus eligible unrealised capital gains (subject to the agreement of the ACPR).

**Insurance margin:** The insurance margin is an item of attributable net profit and represents the margin from the expected stock, the experience effect, market effects, the contribution of new business, and the impact of the loss component. The insurance margin is determined in accordance with IFRS 9 and IFRS 17.

**Market Consistent Embedded Value (MCEV):** A measure of the consolidated value of shareholders' interests in the covered business. It breaks down between adjusted net asset value (ANAV) and the value of in-force business (VIF) – corresponding to the value of the insurance policies in force on the measurement date – and is calculated using a market-consistent method of valuing assets and liabilities. It is calculated net of non-controlling interests.

**Minimum Capital Requirement (MCR):** Minimum eligible basic own funds, defined in Solvency II as the amount of eligible basic own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk. When the amount of eligible basic own funds falls below the MCR, the insurance undertaking's authorisation is withdrawn if it is unable to re-establish this amount at the level of the MCR within a short period of time.

**Own Risk and Solvency Assessment (ORSA):** Refers to the processes and procedures for identifying, measuring, monitoring, managing and reporting all of an insurance undertaking's short- and long-term risks and determining the overall solvency needs to cover all of these risks. ORSA is a risk assessment tool used for strategic planning purposes. A key deliverable from the process is a comprehensive quantitative and qualitative assessment of the insurance undertaking's own risks. The ORSA report is submitted to the Board of Directors for approval.

**Mathematical reserves:** Provision corresponding to the surrender value for savings contracts and the present value of the insurer's commitments for pension contracts.

**Surplus profit-sharing reserve:** Provision used to defer the allocation to policyholders of some their share of technical and financial profits.

**Outstanding claims reserve:** Provision corresponding to the value of outstanding benefits payable to policyholders and beneficiaries (death benefits, matured benefits, partial surrenders, total surrenders, annuities, claims) for claims already incurred at the reporting date.

**Quantitative Reporting Templates (QRTs):** Templates used for Solvency II regulatory reporting purposes. The reports are prepared quarterly, for submission to the insurance supervisor and/or for public disclosure.

**Risk Appetite Statement (RAS):** Statement of risk appetite through the monitoring of various indicators for credit/counterparty risk, market risk, liquidity risk and compliance risk.

**APE margin (also referred to as new business margin):** Value of New Business (VNB) divided by the annual premium equivalent (APE). Measures estimated future profits from insurance policies written during the period.

**Earnings Before Interest and Taxes (EBIT):** Corresponds to 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. Represents the margin generated after deducting administrative costs.

**Risk Margin (RM):** Adjustment for explicit risks arising from uncertainty concerning the amount and timing of cash outflows. When measuring insurance liabilities, risk margin serves as a complementary amount to best estimate.

**Solvency Capital Requirement (SCR):** Level of eligible own funds that enables an insurance undertaking to absorb significant losses and gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. SCR is defined in Solvency II as the value-at-risk of basic own funds, subject to a confidence level of 99.5% over a one-year period. CNP Assurances has chosen to calculate its SCR using the standard formula without transitional measures, except for the grandfathering of subordinated notes issued before Solvency II came into effect.

**Solvency and Financial Condition Report (SFCR):** Annual report prepared by insurance undertakings for public disclosure, in accordance with Solvency II.

**Solvency:** An insurer's ability to fulfil its commitments to policyholders and to sustainably operate as a going concern.

**Solvency II:** Solvency rules applicable to European insurance undertakings. The aim of Solvency II is to ensure that insurance undertakings have sufficient capital to cover the financial and other risks to which they are exposed. It is based on a master directive adopted in 2009 (Directive 2009/138/EC) and delegated regulations for its application.

**MCR coverage ratio:** Eligible own funds held to cover the MCR divided by the MCR. Indicator of risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses.

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**Tiering:** Qualitative categorisation of own funds in three Tiers, based on their availability, duration and loss absorbency.

**Market value:** Value of an asset on the financial market.

**Value of New Business (VNB):** Measures the value of insurance policies sold during the period, calculated using a market-consistent method of valuing assets and liabilities. VNB corresponds to the discounted present value of estimated future profits from insurance policies sold during the period, less the time value of financial options and guarantees, the frictional cost of capital and the cost of non-hedgeable risks. It is calculated net of non-controlling interests and income tax expense.

**Value of In-Force business (VIF):** Measures the value of insurance policies in force at the measurement date, calculated using a market-consistent method of valuing assets and liabilities. VIF corresponds to the discounted present value of estimated future profits from insurance policies in force at the measurement date, less the time value of financial options and guarantees, the frictional cost of capital and the cost of non-hedgeable risks. It is calculated net of non-controlling interests and income tax expense.

**Volatility:** Measures the degree of variation over time in an indicator such as the price of a financial asset. Volatility is used for example to quantify the risk associated with changes in the price of a financial asset.



