

# QUARTERLY INDICATORS - FIRST NINE MONTHS OF 2017

## GLOSSARY

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This glossary includes definitions of alternative performance measures (APMs) that are considered useful by CNP Assurances to measure and analyse the Group's performance. The Q3 2017 APM reporting scope is unchanged from prior periods. All APMs are identified by an asterisk (\*). They should be treated as additional information and not as substitutes for the balance sheet and income statement prepared in accordance with IFRS.

They may not be comparable with those published by other companies, as their definition may vary from one company to another. Solvency indicators determined in accordance with Solvency II guidelines and actuarial indicators determined in accordance with European Insurance CFO Forum Market Consistent Embedded Value<sup>®</sup> Principles are not considered to be APMs.

## GLOSSARY

### Administrative costs\*

- ▶ Costs of administering and managing insurance contracts, excluding commissions paid to the distribution networks. The calculation base includes non-controlling interests.

### 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 reinsurance. Annual premium equivalent (APE) is an indicator of underwriting volume.

### APE margin (also referred to as new business margin)

- ▶ Value of new business (NBV) divided by the annual premium equivalent (APE). Measures estimated future profits from insurance policies written during the period.

€m	30/09/2017	31/12/2016
Value of new business (NBV) (1)	454	436
Annual premium equivalent (APE) (2)	2,388	3,129
<b>APE margin = (1)/(2)</b>	<b>19.0%</b>	<b>13.9%</b>

### Change at constant exchange rates

- ▶ Indicators at constant exchange rates are calculated by translating current period data at the prior period exchange rate. This technique strips out the currency effect from the change in the indicator concerned.

### Change on a comparable consolidation scope basis

- ▶ Indicators on a comparable consolidation scope basis are calculated by excluding (i) the contribution of businesses discontinued or sold during the current period from the prior period data and (ii) the contribution of businesses acquired during the current period from current period data. This technique strips out the effect of acquisitions and divestments from the change in the indicator concerned.

### Cost/income ratio\*

- ▶ Administrative costs divided by net insurance revenue (NIR). The cost/income ratio is an indicator of contract administration operating efficiency.

€m	30/09/2017	30/09/2016
Administrative costs (1)	669	645
Net insurance revenue (NIR) (2)	2,196	1,951
<b>Cost/income ratio = (1)/(2)</b>	<b>30.5%</b>	<b>33.1%</b>

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### 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. EBIT represents the margin after deducting administrative costs.

€m	30/09/2017	30/09/2016
Attributable net profit (1)	926	886
Finance costs (2)	(194)	(179)
Income tax expense (3)	(691)	(637)
Non-controlling and equity-accounted interests (4)	(250)	(205)
Fair value adjustments and net gains (losses) (5)	158	108
Non-recurring items (6)	(226)	(79)
<b>EBIT = (1) - (2) - (3) - (4) - (5) - (6)</b>	<b>2,129</b>	<b>1,878</b>

### Fair value adjustments and net gains (losses)

- ▶ Measures the impact on attributable net profit of changes in asset prices (i.e., realised and unrealised capital gains net of recognised impairment losses), impairment losses and exceptional changes in intangible asset values. Fair value adjustments and net gains (losses) are calculated net of policyholder participation, non-controlling interests and income tax expense.

### IFRS Net asset value\*

- ▶ Equity net of subordinated notes classified in equity and non-controlling interests. Measures the value for owners of the parent of their share of equity, excluding the share of subordinated note-holders.

€m	30/09/2017	31/12/2016
Equity attributable to owners of the parent (1)	17 836	17 534
Subordinated notes classified in equity (2)	1 765	1 765
<b>IFRS Net asset value = (1) - (2)</b>	<b>16 071</b>	<b>15 768</b>

### Net insurance revenue (NIR)\*

- ▶ Sum of insurance loadings, underwriting results and reinsurance results, net of commissions paid to distribution partners. This indicator includes non-controlling interests and is net of reinsurance. It is the margin generated by insurance contracts before deducting administrative costs.

€m	30/09/2017	30/09/2016
Net insurance revenue (1)	2,196	1,951
Revenue from own-funds portfolios (2)	602	572
Administrative costs (3)	669	645
<b>EBIT = (1) + (2) - (3)</b>	<b>2,129</b>	<b>1,878</b>

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### Net new money

- ▶ Collected premiums less paid claims and benefits (death benefit, endowments, partial and total surrenders, annuities) before changes in outstanding claims reserves, including the deposit component of financial contracts without a discretionary participation feature (French GAAP method, based on management reporting data). This indicator includes non-controlling interests and is gross of reinsurance. Net new money measures the impact on technical reserves of collected premiums and paid claims and benefits.

### Non-recurring items

- ▶ Indicator used to separately identify non-recurring income and expenses that affect attributable net profit. Non-recurring items are calculated net of non-controlling interests and income tax expense.

### Premium income\*

- ▶ Earned premiums and premium loading on IAS 39 contracts, including non-controlling interests and reinsurance. Premium income is an indicator of underwriting volume.

€m	30/09/2017	30/09/2016
Earned premiums (1)	23,794	24,303
Premium loading on IAS 39 contracts (2)	40	29
<b>Premium income = (1) + (2)</b>	<b>23,834</b>	<b>24,332</b>

### Proportion of savings/pensions premiums represented by unit-linked (UL) contracts\*

- ▶ Calculated by dividing unit-linked savings and pensions premiums by total savings/pensions premiums. This indicator measures the proportion of premium income related to unit-linked contracts, which do not generally include a capital or yield guarantee.

€m	30/09/2017	30/09/2016
UL savings/pensions premium income (1)	6,892	4,897
Total savings/pensions premium income (2)	18,352	19,291
<b>Proportion of savings/pensions premiums represented by UL contracts = (1)/(2)</b>	<b>37.6%</b>	<b>25.4%</b>

### Revenue from own-funds portfolios\*

- ▶ Mainly revenue generated by investments held to back equity and subordinated notes, net of amortisation of the value of acquired In-Force business and distribution agreements. This indicator includes non-controlling interests. It is the margin generated on investments held to back equity and subordinated notes, before deducting administrative costs.

€m	30/09/2017	30/09/2016
Net revenue generated by investments held to back equity and subordinated notes (1)	620	591
Amortisation of value of In-Force business and distribution agreements (2)	19	18
<b>Revenue from own-funds portfolios = (1) - (2)</b>	<b>602</b>	<b>572</b>

## GLOSSARY

### SCR coverage ratio

- Eligible own funds held to cover the SCR divided by the SCR. Indicator of the Group's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses.

### 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.

### Technical reserves\*

- Insurance and financial liabilities net of deferred participation reserve, including non-controlling interests. The change in technical reserves reflects net new money, the amount set aside for policyholder dividends and changes in the value of units in unit-linked contracts. This indicator includes non-controlling interests. Technical reserves may be calculated gross or net of ceded reserves. They measure the insurer's liability towards insureds. The following data are calculated at period-end:

€m	30/09/2017	31/12/2016
Insurance and financial liabilities (1)	363,960	361,748
Deferred participation reserve (2)	30,293	30,714
Deferred participation asset (3)	0	0
Reinsurers' share of insurance and financial liabilities (4)	22,926	23,033
<b>Technical reserves before reinsurance = (1) - (2) + (3)</b>	<b>333,668</b>	<b>331,035</b>
<b>Technical reserves net of reinsurance = (1) - (2) + (3) - (4)</b>	<b>310,742</b>	<b>308,002</b>

### Total revenue\*

- Net insurance revenue (NIR) plus revenue from own-funds portfolios. This indicator includes non-controlling interests and is net of reinsurance. It is the margin before deducting administrative costs.

€m	30/09/2017	30/09/2016
Net insurance revenue (1)	2,196	1,951
Revenue from own-funds portfolios (2)	602	572
<b>Total revenue = (1) + (2)</b>	<b>2,798</b>	<b>2,523</b>

### Value of new business (NBV)

- Measures the value of insurance policies sold during the period, calculated using a market-consistent method of valuing assets and liabilities. NBV 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.

