

2019 HALF-YEAR RESULTS

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 APMs 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. Prudential measures determined in accordance with the Solvency II Directive, and actuarial measures determined in accordance with European Insurance CFO Forum Market Consistent Embedded Value[®] Principles are not considered to be APMs.

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Adjusted net asset value (ANAV)

- Market value of assets not held to back technical reserves. ANAV corresponds to equity attributable to owners of the parent net of subordinated notes classified in equity, intangible assets, other items included in the value of In-Force business (VIF) and contingent liabilities. This indicator is net of non-controlling interests. ANAV breaks down between required capital and free surplus.

€m	30/06/2019	31/12/2018
Equity attributable to owners of the parent (1)	18,960	17,781
Subordinated notes classified in equity (2)	1,881	1,881
Intangible assets (3)	700	685
Items included in the value of In-Force business (4)	1,955	1,568
Contingent liabilities (5)	1,143	1,046
ANAV = (1) - (2) - (3) - (4) - (5)	13,281	12,600

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. This indicator is net of non-controlling interests and ceded premiums. Annual premium equivalent is an indicator of underwriting volume.

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.

€m	30/06/2019	31/12/2018
Value of new business (VNB) (1)	272	659
Annual premium equivalent (APE) (2)	1,614	3,090
APE margin = (1) / (2)	16.9%	21.3%

Attributable recurring profit*

- Corresponds to attributable net profit before income tax expense, fair value adjustments and net gains (losses), non-recurring items. This indicator excludes non-controlling interests and is gross of income tax expense. This indicator was introduced to measure the margin after non-controlling and net equity-accounted interests and after finance costs.

€m	30/06/2019	30/06/2018
Attributable net profit (1)	687	672
Income tax expense (2)	-370	-397
Fair value adjustments and net gains (losses) (3)	124	122
Non-recurring items (4)	-235	209
Attributable recurring profit = (1) - (2) - (3) - (4)	1,168	1,156

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.

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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.

Combined ratio (personal risk/protection segment)*

- Calculated for the personal risk/protection insurance segment by dividing EBIT by premium income net of ceded premiums and deducting the result from 100%. The combined ratio is an indicator of personal risk/protection business profitability.

€m	30/06/2019	30/06/2018
EBIT (personal risk/protection segment) (1)	661	609
Premium income net of ceded premiums (personal risk/protection segment) (2)	3,194	3,242
Combined ratio (personal risk/protection segment) = 100% - (1) / (2)	79.3%	81.2%

Cost/income ratio*

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

€m	30/06/2019	30/06/2018
Administrative costs (1)	446	441
Net insurance revenue (NIR) (2)	1,607	1,474
Cost/income ratio = (1) / (2)	27.8%	30.0%

Debt-to-equity ratio*

- Subordinated notes classified in debt or equity, divided by the sum of subordinated notes classified in debt and total equity less intangible assets. Measures the proportion of financing represented by total subordinated notes (classified in both debt and equity).

€m	30/06/2019	31/12/2018
Subordinated notes classified in equity (1)	1,881	1,881
Subordinated notes classified in debt (2)	5,843	5,337
Total equity (3)	20,709	19,521
Intangible assets (4)	725	732
Debt-to-equity ratio = [(1) + (2)] / [(2) + (3) - (4)]	29.9%	29.9%

Earnings per share (EPS)

- Attributable net profit less net finance costs on subordinated notes classified in equity, divided by the weighted average number of shares outstanding (IFRS calculation method).

€m	30/06/2019	30/06/2018
Attributable net profit (1)	687	672
Net finance costs on subordinated notes classified in equity (2)	30	23
Weighted average number of shares (3)	686,2 M	686,4 M
Earnings per share = [(1) - (2)] / (3)	0.96 €	0.95 €

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Earnings before interest and taxes (EBIT)*

- Corresponds to attributable recurring profit before finance costs, non-controlling and net equity-accounted interests. This indicator includes non-controlling interests and is gross of income tax expense. EBIT represents the margin after deducting administrative costs.

€m	30/06/2019	30/06/2018
Attributable recurring profit (1)	1,168	1,156
Finance costs (2)	-128	-122
Non-controlling and net equity-accounted interests (3)	-270	-221
EBIT = (1) - (2) - (3)	1,566	1,499

Eligible own funds held to cover the MCR

- Sum of Tier 1 and Tier 2 own funds eligible for inclusion in the minimum capital requirement. 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 MCR.

Eligible own funds held to cover the SCR

- 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.

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.

Free surplus

- Portion of adjusted net asset value (ANAV) that may be freely used by management to pay dividends and build the business by selling new contracts or acquiring new subsidiaries or associates, net of non-controlling interests.

IFRS book 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	30/06/2019	31/12/2018
Equity attributable to owners of the parent (1)	18,960	17,781
Subordinated notes classified in equity (2)	1,881	1,881
IFRS book value = (1) - (2)	17,079	15,899

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Insurance leverage ratio*

- Sum of total equity and subordinated notes classified in debt, divided by insurance investments less derivative instruments liabilities. Indicator of the Group's solvency before risk-weighting. The higher the ratio, the greater the insurer's ability to absorb potential losses.

€m	30/06/2019	31/12/2018
Total equity (1)	20,709	19,521
Subordinated notes classified in debt (2)	5,843	5,337
Subordinated notes classified in equity (3)	1,881	1,881
Insurance investments (4)	398,336	380,061
Derivate instrument liabilities (5)	1,110	1,193
Insurance leverage ratio = [(1) + (2)] / [(4) - (5)]	6.68%	6.56%
o/w equity = [(1) - (3)] / [(4) - (5)]	4.74%	4.66%
o/w subordinated notes = [(2) + (3)] / [(4) - (5)]	1.94%	1.91%

Interest cover*

- EBIT divided by interest paid on total subordinated notes (classified in both debt and equity). Indicator of the Group's ability to pay the interest due to holders of its subordinated notes.

€m	30/06/2019	30/06/2018
EBIT (1)	1,566	1,499
Finance costs on subordinated notes classified in debt (2)	128	122
Finance costs on subordinated notes classified in equity (3)	43	35
Interest cover = (1) / [(2) + (3)]	9.1 x	9.5 x

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.

Mathematical reserves

- Sum of the surrender value of savings contracts and the discounted present value of liabilities for pensions contracts.

MCR coverage ratio

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

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.

Net equity accounted interest

- Share of profit for the year of equity accounted interest, net of the deferred profit-sharing impact for the portion of securities backing policyholders commitments

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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	30/06/2019	30/06/2018
Net insurance revenue (1)	1,607	1,474
Revenue from own-funds portfolios (2)	405	467
Administrative costs (3)	446	441
EBIT = (1) + (2) - (3)	1,566	1,499

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.

Operating free cash flow (OFCF)

- Measures the generation of free surplus to pay dividends and build the business by selling new contracts or acquiring new subsidiaries or associates. OFCF is calculated net of non-controlling interests. Issues and redemptions of subordinated notes may be included in or excluded from the calculation.

Outstanding claims reserve

- Estimated claims and benefits payable to policyholders and beneficiaries in future periods (death benefit, endowments, partial and total surrenders, annuities, claims) in respect of claims incurred as of the measurement date.

Policyholders' surplus reserve (PSR)

- Cumulative underwriting and investment income attributable to policyholders that is distributed on a deferred basis.

Premium income*

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

€m	30/06/2019	30/06/2018
Earned premiums (1)	17,539	16,933
Premium loading on IAS 39 contracts (2)	31	22
Premium income = (1) + (2)	17,570	16,955

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Proportion of savings/pensions mathematical reserves represented by unit-linked (UL) contracts*

- Unit-linked savings/pensions mathematical reserves divided by total savings/pensions mathematical reserves. This indicator measures the proportion of mathematical reserves related to unit-linked contracts, which do not generally include a capital or yield guarantee.

€m	30/06/2019	31/12/2018
UL savings/pensions mathematical reserves (1)	62,009	56,169
Total savings/pensions mathematical reserves (2)	279,386	275,945
Proportion of savings/pensions mathematical reserves represented by UL contracts = (1) / (2)	22.2%	20.4%

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

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

€m	30/06/2019	30/06/2018
UL savings/pensions premium income (1)	5,561	5,702
Total savings/pensions premium income (2)	14,180	13,516
Proportion of savings/pensions premiums represented by UL contracts = (1) / (2)	39.2%	42.2%

Restricted Tier 1 own funds

- Subordinated notes classified in Tier 1, including grandfathering of undated subordinated notes issued before Solvency II came into effect.

Return on equity (ROE)*

- Attributable net profit divided by average IFRS book value for the period. Measures the return on equity contributed by owners of the parent.

€m	30/06/2019	30/06/2018
Annualized attributable net profit (1)	1,375	1,344
Average IFRS book value (2)	16,489	16,225
Return on equity (ROE) = (1) / (2)	8.3%	8.3%

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	30/06/2019	30/06/2018
Net revenue generated by investments held to back equity and subordinated notes (1)	417	479
Amortisation of value of In-Force business and distribution agreements (2)	12	12
Revenue from own-funds portfolios = (1) – (2)	405	467

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.

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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.

Surrender rate

- Paid partial and total surrenders divided by mathematical reserves at the beginning of the period, including the deposit component of financial contracts without a discretionary participation feature (French GAAP method, based on management reporting data). Measures the impact on mathematical reserves of surrenders paid to policyholders.

Technical reserves*

- Insurance and financial liabilities net of deferred participation, 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. Technical reserves may be calculated gross or net of reinsurance. They measure the insurer's liability towards insureds.

€m	30/06/2019	31/12/2018
Insurance and financial liabilities (1)	373,619	357,599
Deferred participation reserve (2)	29,385	22,107
Deferred participation asset (3)	0	0
Reinsurers' share of insurance and financial liabilities (4)	21,480	21,556
Technical reserves gross of reinsurance = (1) - (2) + (3)	344,235	335,491
Technical reserves net of reinsurance = (1) - (2) + (3) - (4)	322,754	313,935

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.

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	30/06/2019	30/06/2018
Net insurance revenue (1)	1,607	1,474
Revenue from own-funds portfolios (2)	405	467
Total revenue = (1) + (2)	2,012	1,941

Unrestricted Tier 1 own funds

- Own funds other than subordinated notes included in Tier 1 own funds, calculated as the sum of share capital, the share premium account and the reconciliation reserve less non-fungible own funds.

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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.

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 written 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.

Withdrawal rate

- Paid claims and benefits (death benefit, endowments, partial and total surrenders, annuities) divided by mathematical reserves at the beginning of the period, including the deposit component of financial contracts without a discretionary participation feature (French GAAP method, based on management reporting data). Measures the impact on mathematical reserves of claims and benefits paid to policyholders and beneficiaries.