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2022 Annual 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 APM reporting scope has been modified compared to previous periods, with the introduction of a new indicator of attributable recurring profit. 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 are not considered to be APMs.

Glossary : A to C

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)

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

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	31/12/2022	31/12/2021
Attributable net profit (1)	1,939	1,552
Income tax expense (2)	-647	-622
Mark-to-market effects and intangible amortisation (3)	154	-33
Non-recurring items (4)	-314	-225
Attributable recurring profit - (1) - (2) - (3) - (4)	2,746	2,432

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.

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	31/12/2022	31/12/2021
EBIT (personal risk/protection segment) (1)	1,388	1,162
Premium income net of ceded premiums (personal risk/protection segment) (2)	6,429	6,063
Combined ratio (personal risk/protection segment) = 100% - (1) / (2)	78,4%	80,8%

Glossary : C to E

Cost/income ratio*

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

€m	31/12/2022	31/12/2021
Administrative costs (1)	1,027	872
Net insurance revenue (NIR) (2)	3,799	3,127
Cost/income ratio = (1) / (2)	27.0%	27.9%

Debt-to-equity ratio*

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

€m	31/12/2022	31/12/2021
Subordinated notes classified in equity (1)	1,881	1,881
Subordinated notes classified in debt (2)	6,508	6,943
Total equity (3)	20,762	24,763
Debt-to-equity ratio = [(1) + (2)] / [(2) + (3) - (4)]	30,8%	27,8%

Dividend cover

Operating free cash flow (OFCF) net of cash flows from subordinated notes issues and repayments, divided by dividends. Indicator of the Group's ability to pay dividends to shareholders. This ratio is calculated only for annual results presentations.

€m	31/12/2022	31/12/2021
Net operating free cash-flow (OFCF) (1)	2,212	1,811
Dividends (2)	948	687
Dividend cover = (1) / (2)	2.3 x	2.6 x

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	31/12/2022	31/12/2021
Attributable net profit (1)	1,939	1,552
Net finance costs on subordinated notes classified in equity (2)	49	42
Weighted average number of shares (3)	686,2 M	686,2 M
Earnings per share = [(1) - (2)] / (3)	2,75 €	2,20 €

Glossary : E to I

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	31/12/2022	31/12/2021
Attributable recurring profit (1)	2,746	2,432
Finance costs (2)	-193	-227
Non-controlling and net equity-accounted interests (3)	-631	-436
EBIT = (1) - (2) - (3)	3,570	3,095

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 (SR). 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.

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	31/12/2022	31/12/2021
Equity attributable to owners of the parent (1)	17,120	21,134
Subordinated notes classified in equity (2)	1,881	1,881
IFRS book value = (1) - (2)	15,239	19,253

Glossary : I to M

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	31/12/2022	31/12/2021
Total equity (1)	20,762	24,763
Subordinated notes classified in debt (2)	6,508	6,943
Subordinated notes classified in equity (3)	1,881	1,881
Insurance investments (4)	398,669	443,440
Derivate instrument liabilities (5)	1,589	1,705
Insurance leverage ratio = [(1) + (2)] / [(4) - (5)]	6.87%	7.18%
o/w equity = [(1) - (3)] / [(4) - (5)]	4.75%	5.18%
o/w subordinated notes = [(2) + (3)] / [(4) - (5)]	2.11%	2.00%

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	31/12/2022	31/12/2021
EBIT (1)	3,570	3,095
Finance costs on subordinated notes classified in debt (2)	193	227
Finance costs on subordinated notes classified in equity (3)	66	59
Interest cover = (1) / [(2) + (3)]	13.7 x	10.8 x

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.

Glossary : M to O

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

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	31/12/2022	31/12/2021
Net insurance revenue (1)	3,799	3,127
Revenue from own-funds portfolios (2)	797	840
Administrative costs (3)	1,027	872
EBIT = (1) + (2) - (3)	3,570	3,095

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.

M€	31/12/2022	31/12/2021
Net new money traditional savings France	(6,019)	(5,311)
Net new money UL France	3,078	2,771
Collecte nette France	(2,941)	(2,540)
Net new money traditional savings Latin America	(38)	2
Net new money UL Latin America	2,032	2,434
Collecte nette Amérique latine	1,993	2,436
Net new money traditional savings exc France	1,532	(3)
Net new money UL Europe exc France	1,271	878
Collecte nette Europe hors France	2,803	875
Net new money traditional savings Group	(4,525)	(5,313)
Net new money UC Group	6,380	6,083
Net new money Group	1,855	771

Glossary : P

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.

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.

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. The MCEV standard has been abandoned and OFCF is now calculated in accordance with Solvency II.

Payout ratio*

Dividend per share divided by earnings per share. Measures the proportion of attributable net profit, less finance costs on subordinated notes classified in equity, distributed to owners in the form of dividends. This ratio is calculated only for annual results presentations.

€m	31/12/2022	31/12/2021
Dividend per share (1)	1.38 €	1.00 €
Earnings per share (2)	2.75 €	2.20 €
Payout ratio = (1) / (2)	50%	45%

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 reinsurance. Premium income is an indicator of underwriting volume.

€m	31/12/2022	31/12/2021
Earned premiums (1)	36,002	31,652
Premium loading on IAS 39 contracts (2)	5	15
Premium income = (1) + (2)	36,007	31,668

Glossary : R to S

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	31/12/2022	31/12/2021
UL savings/pensions mathematical reserves (1)	86,740	84,535
Total savings/pensions mathematical reserves (2)	319,012	317,878
Proportion of savings/pensions mathematical reserves represented by UL contracts = (1) / (2)	27.2%	26.6%

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	31/12/2022	31/12/2021
UL savings/pensions premium income (1)	14,558	12,984
Total savings/pensions premium income (2)	29,329	25,333
Proportion of savings/pensions premiums represented by UL contracts = (1) / (2)	49.6%	51.3%

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	31/12/2022	31/12/2021
Annualized attributable net profit (1)	1,939	1,552
Average IFRS book value (2)	17,246	19,026
Return on equity (ROE) = (1) / (2)	11,2%	8,2%

Glossary : S

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	31/12/2022	31/12/2021
Net revenue generated by investments held to back equity and subordinated notes (1)	1,019	983
Amortisation of value of In-Force business and distribution agreements (2)	222	143
Revenue from own-funds portfolios = (1) – (2)	797	840

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.

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.

Glossary : T to W

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	31/12/2022	31/12/2021
Insurance and financial liabilities (1)	380,914	411,541
Deferred participation reserve (2)	1,664	31,600
Deferred participation asset (3)	9,736	0
Reinsurers' share of insurance and financial liabilities (4)	20,394	21,045
Technical reserves gross of reinsurance = (1) - (2) + (3)	388,986	379,941
Technical reserves net of reinsurance = (1) - (2) + (3) - (4)	368,592	358,896

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	31/12/2022	31/12/2021
Net insurance revenue (1)	3,799	3,127
Revenue from own-funds portfolios (2)	797	840
Total revenue = (1) + (2)	4,597	3,967

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.

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.