Insuring a more open world

CNP assurances

2023 Management Report

Group CNP Assurances

Contents

1 Significant events in 2023 4

2 Business review 9

3 Financial review 11

4 Growth and business outlook 19

5 Risk factors 22

6 Information about the Taxonomy Regulation 36

7 Internal control and risk management procedures 40

8 Ownership structure 42

9 Main CNP Assurances branches 43

10 Others information 44

2023 Management Report

Group CNP Assurances

CNP ASSURANCES HOLDING

Registered office:

4, promenade Cœur de Ville
92130 Issy-les-Moulineaux

Société par actions simplifiée
(Simplified joint-stock company)
with fully paid-up share capital
of €4,000,256,320

Registered in the Nanterre Trade
and Companies Register under
no. 514 080 407

Tel.: +33 (0)1 42 18 88 88
www.cnp.fr

CNP assurances

Chapter

1

Significant events in 2023

This section presents selected highlights of the year that reflect the CNP Assurances Group's strategic advances in 2023 and embody its corporate mission. The presentation by topic is followed by a chronological list of source publications.

CNP Assurances – 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 is therefore now the holding company that brings together La Banque Postale's four insurance subsidiaries[1] and CNP Assurances SA and its subsidiaries. CNP Assurances Holding's governance structure is based on that of CNP Assurances SA. This operation marks the final stage in the creation of the major public financial hub, initiated in 2018 by the French Minister of the Economy and Finance with the double merger between La Poste and Caisse des Dépôts on the one hand, and La Banque Postale and CNP Assurances on the other. It has given 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, although the amount has not yet been set.

On 16 November, France's banking and insurance supervisor (ACPR) approved the transfer of MFPrévoyance's portfolio to CNP Assurances,effective from 31 December 2023 [2], the final step before the merger of the two entities' activities 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.

Since 1 January 2024, CNP Retraite, insurer of the Préfon Retraite scheme has strengthened its position in the scheme by increasing its share from 37% to 58%. This development in Préfon Retraite's reinsurance strengthens the plan's outlook while maintaining the guarantees of the supplementary pension plans of its 400,000 public employee members, including 150,000 retirees.

In order to drive forward its aim of being a responsible investor on an international scale, CNP Assurances strengthened its Group Investment Division just after the summer of 2023.

This Division now includes the Wealth Consultancy and Management 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.

(1) *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*

(2) *With retroactive effect from 1 January 2023*

International development model

CNP Assurances is altering the structure of its international activities and appointing 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 Cap. As Brazil's third-largest insurer, CNP Assurances now has two distribution models: an exclusive long-term partnership with Caixa Econômica Federal[1] and an open distribution model for marketing the death/disability and health insurance, dental insurance, savings and *consórcio* products of the newly-acquired entities. The CNP Seguradora brand[2] – 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 have been made to 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, and **Trevor Grace,** CFO of CNP Santander Insurance in Dublin, has replaced François Tritz as CEO.

In Italy, **Jean-Baptiste Nessi**, CFOof 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[3].

Market innovations and the customer 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 with a child suffering from an illness or disability or who has had a serious accident, and the parents have therefore had to stop work. CNP Assurances was the first player in the market to offer this type of coverage to its distribution partners in order to enhance their term creditor insurance contracts, and therefore welcomes the decision of France's financial sector advisory committee[4] that all insurers must include such cover in at least one of their term creditor insurance contracts as from 2025.

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 in 2023 by EGERIE (€30m) – which offers solutions for quantifying cyber-risk in order to more effectively insure against it – mySofie (€4.2m) – which offers guidance to people in France on their health budgets – and SUSU (€4.5m), 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.

Having already obtained the ADEL label from GoodAlgo for the ethics of their AI service platforms, in 2023 CNP Assurances and its subsidiary Diwise were awarded the ADEL-AI Act label by GoodAlgo[5] for three of their algorithms, certifying their ethics and early adoption of the principles of the European AI Act[6]. 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 sustainable bond framework to cover social projects.

The new Sustainable Bond Framework published by the Group in January 2023 now 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 and allowed SNCF as the issuer to combine its ESG objectives with financing a charitable cause using a portion of the investment yield. 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.

(1) Through the jointly-owned subsidiaries CNP Seguros Holding, Caixa Vida e Previdencia and Caixa consorcios
(2) CNP Seguradora groups together CNP Capitalizaçào, CNP Consorcio, Previsul and Odonto (trade names)
(3) Brought together under one name – CNP Vita Assicura – on 31 December 2023
(4) See the press release at https://www.ccsfin.fr
(5) GoodAlgo: a service-provider specialised in AI, Data Science and Ethics that helps companies with their digital transformation processes
(6) The AI Act: aimed at establishing a legal framework for the ethical regulation of artificial intelligence in the European Union

An initiative of France's 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 have exceeded their initial target of reaching more than €1 billion by the end of 2025, as they already total €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. As part of this commitment, it has joined **the Nature Action 100 investor coalition** launched in September 2023. This new group brings together 190 institutional investors to initiate dialogue with 100 key companies in the eight sectors[1] that have the greatest impact on nature, and encourage them to reduce their impact on biodiversity. Biodiversity issues have been part of CNP Assurances' shareholder engagement policy for many years.

A responsible insurer

In order to further support its policyholders in the difficult economic context of 2023, on 12 January CNP Assurances announced that it had raised the rates of return for 2022 on its non unit-linked life insurance products by an average of 0.66% 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. In particular, CNP Assurances and La Banque Postale have gone further than required under French law (in the Lemoine Act) as they do not apply 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 situtations where unforeseen events lead to a loss or reduction in income (illness, hospitalisation, 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 Lybernet, to help policy holders cover fixed costs in the event of a sudden loss of purchasing power.

Highly committed to accelerating 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 in 2023, 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.

Measuring and reporting 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 9/17 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[2] in 2023.

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

Subsequent event

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.

(1) Pharmaceuticals, chemicals, personal and household goods, consumer goods, food, distribution, forestry, metallurgy and mining

(2) Moody's: A1, Fitch Ratings: A+, and S&P Global Ratings: A+

List of source press releases and other publications

The Group's press releases are available on its website at https://www.cnp.fr/en/the-cnp-assurances-group/newsroom/press-releases

January

French Assurtech – an accelerator for insurtech start-ups – launches its sixth call for candidates. (In French only).

CNP Assurances publishes its new Sustainable Bond Framework for financing social and environmental projects.

CNP Assurances successfully launches its first subordinated sustainable bond in an amount of €500m.

CNP Assurances announces a significant increase in the rates of return paid in 2022 on its euro funds vs. 2021 for its entire range of insurance policies to an average of 1.57%.

Cyber software developer EGERIE raises €30 million from a pool of investors, including Open CNP, to more effectively measure and insure against the impact of cyber-risk. (In French only).

New "Family Help" guarantee for home loan insurance, providing financial support for parents with a child suffering from an illness or disability or who has had a serious accident.

CNP Assurances continues to finalise its acquisitions in Brazil, completing the acquisition of Caixa Seguridade's stake in Holding Seguros, which holds 100% of Previsul and 51% of CNP Cap.

CNP Assurances completes the acquisition of 100% of CNP Cap, with the purchase of the 49% held by Icatu.

February

CNP Assurances joins "Working with Cancer", the first global coalition of companies aimed at eliminating the stigma of cancer in the workplace.

La Banque Postale and CNP Assurances launch the first term creditor insurance policy to be awarded the "Positive Assurance" label by the Positive Economy Institute for its coverage, inclusiveness and broad accessibility. (in French only).

March

CNP Assurances announces the launch of its CNP Seguradora brand in Brazil to drive its open-model development.

April

Application of IFRS 17 to the 2022 published financial statements under IFRS 4, for comparison with the financial statements to be published in 2023.

Creation of CNP Assurances Holding,bringing together all of the insurance activities of La Banque Postale and CNP Assurances, creating a major bancassurance group.

mySofie raises €4.2m to help the French with their health budget, with **Open CNP investing alongside mySofie's historical shareholders**.

May

Green Industry Act: CNP Assurances is one of 34 investors to sign a letter addressed to the French Minister of the Economy, Bruno Le Maire, calling for improved shareholder dialogue on climate issues in France. (In French only).

ISALT actions its strategy of investing in innovative industrial French SMEs, with the first investment by its Fonds Stratégique des Transitions (FST) in the medtech company TISSIUM. (In French only).

June

Moody's affirms CNP Assurances' financial strength rating at A1 with a stable outlook.

Appointments in the international subsidiaries of CNP Assurances: strategic changes in Brazil, Italy and Ireland to support the Group's strong international development.

The SNCF Group issues the first Green Bond with Shared Coupon, with CNP Assurances subscribing alongside other investors recognised for their social and environmental commitment.

August

CNP Seguradora signs an agreement for the exclusive distribution of its products in the network of the Brazilian post office, Correios.

CNP Assurances Group first-half 2023 results indicators attest to the Group's financial strength and performance in a complex macro-economic environment.

September

Maximiliano Villanueva appointed Head of the Latin America Business Unit of CNP Assurances and becomes a member of the Group's Executive Committee.

Launch of CNP ALYSÉS, the expert digital platform for independent financial advisors. (In French only).

La Banque Postale, LBP AM and CNP Assurances launch a €1bn impact infrastructure debt fund to support the energy transition, backed by CNP Assurances.

CNP Assurances SA announces the payment of an interim dividend for 2023 of around €1 billion to CNP Assurances Holding.

Josselin Kalifa becomes Chief Risk Officer of CNP Assurances Group and a member of the Executive Committee.

CNP Assurances commits to the Nature Action 100 investor coalition to initiate dialogue with 100 key companies in the eight sectors having the greatest impact on nature.

October

Marco Passafiume Alfieri joins CNP Assurances as Chief Executive Officer of CNP Vita Assicura and CNP Vita Assicurazione.

La Banque Postale and CNP Assurances launch a new EuroCroissance 100-10 years fund combining a full capital guarantee, a quest for long-term performance, and sustainable investments.

Change in the CNP Assurances Group Investment Division and creation of a Green & Sustainable Hub to support the Group's SRI objectives on an international scale.

Fitch Ratings affirms a financial strength rating at A+.

November

S&P Global Ratings affirms its A+ rating (with a negative outlook).

CNP Assurances signs a third agreement on Quality of Work Life and Conditions covering the period from 2024 to 2026.

The ACPR approves portfolio transfer from MFPrévoyance to CNP Assurances.

December

Carrefour launches the Purchasing Power Guarantee, in partnership with CNP Assurances, to support customers during the cost-of-living crisis.

CNP Assurances and its subsidiary Diwise obtain the ADEL-AI Act label from GoodAlgo for the ethics of their artificial intelligence service platforms.

***Healthtech* Susu raises €4.5m** to accelerate its work in enabling equal access to healthcare in Africa. (In French only).

CNP Assurances signs the OneInThreeWomen Charter against domestic violence.

January 2024

CNP Assurances **strengthens its position in the insurance of the Préfon Retraite scheme.**

CNP Assurances announces **the appointment of Marie-Aude Thépaut as Group CEO.**

Chapter

2

Business review

2.1 Economic and financial environment

A 2023 trajectory dominated by inflation and central bank decisions

Monetary policy decisions were made by central banks in 2023, which continued the cycle of monetary tightening policies started in 2022 to counter the surge in inflation. After peaking in autumn 2022 amid fears of an energy crisis, inflation began a gradual deceleration from summer 2023, which accelerated towards the end of the year back up to 3% (United States) and even 2.5% in the eurozone. This fall was amplified by lower electricity and oil prices.

A mixed slowdown in global growth

The fall in inflation was accompanied by a decline in growth, with wide regional variations. The United States (up 2.5%) held up well, thanks to buoyant household consumption and budgetary support (deficit close to 7%). Conversely, after a promising start to the year thanks to post-Covid economy recovery, Chinese growth eased (up 4.9%) due to the persistent crisis in the property sector and its negative effects on consumer demand. Lastly, growth in Europe was virtually stagnant (up 0.5%), as GDP declined for two consecutive quarters at the end of the year, affected by weak domestic demand and the contraction in world trade (down 2%), which had a major impact on the German economy.

Atypical macroeconomic context: buoyant employment and monetary cycle

Despite the worsening economic situation, the jobs markets proved to be more robust than expected (with unemployment rate at a record low: 3.8% in the United States, 6.5% in the eurozone). Wage pressures persisted, leading central banks to continue their monetary tightening policy beyond the forecasts made at the start of the year.

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

The yield curve's bumpy trajectory ended with a fall at the end of the year

Against this unusual three-fold backdrop of modest growth, falling inflation and resilient employment, investors have repeatedly bet on a monetary pause, which was proved impractical. This explains the uneven trajectory of bond yields. After a temporary dip during the US regional bank crisis, 10-year yields soared during the summer (peaking at 5% in the United States and 3.5% on the OAT rate) before losing around 100 bps to close at 3.9% and 2.5% respectively, thanks to expectations of monetary easing by central banks.

This exceptional volatility in interest rates had an impact on credit. After widening over the summer, credit spreads contracted sharply towards the end of the year, ending the year at levels below those seen at the start of the year, on both investment grade debt and high yield debt, where the search for yield outweighed the deterioration in economic conditions.

A stock market rally underpinned by expectations of a soft landing and monetary easing

Stock markets, which started the year on a positive trend (rally of over 10% in January), stalled over the summer in the wake of rising interest rates. The resilience of the US economy, expectations 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 on an all-time high. The overall picture shows wide disparities with the significant outperformance of the US markets thanks to artificial intelligence and large caps, while the Chinese markets and small caps underperformed.

Beneficial effects for emerging countries

Stock market exuberance also underpinned the performance of emerging countries' bonds and equities. Some emerging market central banks were ahead of schedule in terms of rate rises and began to cut their rates (following the example of Brazil, which reduced them from 13.75% to 11.75%), but came up against US pressure on long-term rates during the summer. The easing at the end of the year paved the way for further rate cuts and a recovery in currencies (particularly the Brazilian real), which are benefiting from the dollar's fall.

2.2 Group business review

Premium income[1] for the year totalled **€35.6bn** (down €1.6bn or 4% vs 2022), with a compelling performance in France offsetting a certain loss of momentum in international markets.

In France, gross new money amounted to **€22.6bn**, up €1.5bn (7%) compared with the 2022.

- **Savings and Pensions** new money was 9% higher, at €17.4bn. The sharp increase was attributable to the success of high quality marketing initiatives, including the launch of unit-linked products invested in portfolios of LBP and BPCE bank loans, and enhanced policyholder dividend offers.

  The unit-linked weighting rose to 38.3% (up 5.2 points).
- **Personal Risk/Protection** premiums amounted to €4.6bn, with the 1% decline vs 2022 reflecting the impact of lower loan originations on term creditor insurance premiums, partly offset by the positive impact of re-pricing on personal risk premiums.
- **Property and Casualty**[2]**:** premiums were up 5%, at €0.6bn vs 2022.

In Europe excluding France, premium income came to **€6.5bn**, a fall of €2.2bn (down 25%) that was mainly due to the unfavourable competitive environment in Italy for insurance products. The effects of this environment were mitigated through marketing actions implemented during the year.

- **Savings and Pensions** new money amounted to €5.4bn, a 28% fall that was attributable to the Italian subsidiaries.

  The unit-linked weighting was 38%, with the launch of a new traditional savings fund contributing to a 7.4-point decline vs 31 December 2022.
- **Personal Risk/Protection** new money was stable compared with 31 December 2022 at €1.1 bn.

In Latin America, premium income came to **€6.5bn**, a decline of €1bn (13% as reported and like-for-like [3]) vs 2022 that was mainly due to competition from banking products.

- **Savings and Pensions** new money amounted to €5.1bn, a 16% decline vs 2022 that was due to our distribution partner's shift in focus towards banking products.
- **Personal Risk/Protection** premiums rose 3% to €1.4bn, led by faster growth in sales of individual personal risk contracts.

2.3 Acquisitions of controlling and other interests (Article L.233-6 of the French Commercial Code)

In 2023, the Company acquired the following controlling and other interests within the meaning of Article L.233-6 of the French Commercial Code:

	% interest at 31.12.2023	% interest at 31.12.2022
CNP Assurances Conseil & Courtage	99.99%	0.00%
CNP Assurances IARD	100.00%	0.00%
CNP Assurances Prévoyance	100.00%	0.00%
CNP Assurances SA	99.95%	0.00%
CNP Assurances Santé Individuelle	51.00%	0.00%

(1) Management KPI
(2) CNP Assurances de Biens et de Personnes (CNP ABP), comprising the four non-life, personal risk, health and services companies (pro forma information)
(3) At constant scope and exchange rates

Chapter

3

Financial review

3.1 Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) formulated by the International Accounting Standards Board (IASB), the recommendations of the French National Accounting Board (CNC 2005-R-01) concerning the presentation of the IFRS financial statements of insurance undertakings, and the guidelines contained in the reports of the CNC work groups set up to examine the specific issues arising from the application of IFRS by insurance undertakings.

Review of results

(In € millions)	Geographical area: France	Geographical area: Latin America	Geographical area: Europe excl. France.	Own-funds portfolios	Total 2023	2022 total	*(%)* change
Insurance service result	2,092	720	305		3,118	2,524	23.6%
Revenue from own funds portfolios				299	299	(437)	168.5%
Other revenues					2	(44)	104.4%
Total revenue					**3,419**	**2,042**	**67.4%**
Finance costs					(158)	(86)	84.1%
Non-attributable administrative costs					(493)	(448)	10.2%
Amortisation of intangible assets recognised on business combinations					(256)	(199)	28.9%
EBIT					**2,512**	**1,310**	**91.8%**
Net share of profit of equity-accounted companies					24	28	15.3%
Non-controlling interests					(256)	(200)	28.0%
Income tax benefit/(expense)					(730)	(199)	265.9%
Profit from discontinued operations, after tax					0	3	100.0%
Non-recurring items					0	0	N/A
ATTRIBUTABLE NET PROFIT					**1,550**	**942**	**64.6%**

EBIT is a key performance indicator used by CNP Assurances Group, because it is not affected by the timing and magnitude of profit-taking on equities and investment property (as reflected in realized capital gains attributable to owners of the parent) or by changing market prices.

EBIT corresponds to attributable net profit for the period adjusted for:

- net share of profit of equity-accounted companies;
- non-controlling interests;
- income tax expense;
- non-recurring items.

The main business indicators are discussed below:

Premium income amounts to **€35.6bn** (see comments in Business Review).

The insurance service result was up €595m (24%) vs 2022, at **€3.1bn**. This increase is explained primarily by:

- favourable experience effects, including (i) in France, the impact of the improved claims experience in 2023 for €191m, non-recurring technical effects linked to the rise in interest rates for €105m and a baseline effect on 2022 inflation for €164m, and (ii) outside France, favourable market rebound effects for €106m;
- These effects were mitigated by the fall in new business, particularly in Brazil.

Revenue from own-funds portfolios amounted to **€299m**, a favourable swing of €736m from the prior year's loss due to severely negative market effects, that also reflected the increase in recurring revenue against the backdrop of a high interest rate environment in 2023.

Attributable net profit was €0.6bn higher at **€1,550m**. All geographical regions contributed to the increase, which was driven by growth in the insurance service result and in revenue from own-funds portfolios.

Consolidated balance sheet at 31 December 2023

Total assets amounted to €441.8bn at 31 December 2023, up 2.8% vs €429.1bn based on the IFRS 17 comparative balance sheet at 31 December 2022.

Equity

Equity attributable to owners of the parent amounts to €22,292.3m, up by €1,415.4m compared with IFRS 17 comparative figures as of 31 December 2022. The change in equity is mainly driven by the net income of the period (€1,549.7m), the impact of revaluation and realized gains and losses on equity (€787.3m), dividends distribution (-€947.4m) and foreign exchange impacts (€97.8m).

Equities include subordinated notes (€1,944.3m).

For more information, see Note 10 to the consolidated financial statements.

Insurance liabilities

Insurance and reinsurance contract liabilities totalled €378.5bn, up €13.9bn (3.7%) vs the IFRS 17 comparative amounts at 31 December 2022.

For more information, see Note 8 to the consolidated financial statements.

The Group's CSM totalled **€16.9bn** at 31 December 2023, an increase of €1.9bn (13%) vs 31 December 2022, explained primarily by:

- the €1.5bn contribution from new business, of which €909m in France (reflecting the significant flow of Savings new money generated by the LBP and BPCE networks), €474m in Latin America and €138m in Europe excluding France;
- favourable market effects in France for €1bn and in Italy for €197m, led by higher stock market prices, with the CAC 40 up 16%, and falling interest rates, with the 10-year OAT rate down 0.5 points;
- €1.3bn in accreted interest added to the CSM in 2023, breaking down as €1bn for France and €0.2bn for Brazil.

These increases were partly offset by net negative experience effects of €18m, reflecting the unfavourable impact of an increase in the surrender rate in Italy to 18% and the positive impact of healthy new money flows and successful efforts to control surrenders in France, which automatically led to the corresponding CSM being released immediately to profit.

Insurance investments

Insurance investments amount to €415.1bn as of 31 December 2023, compared with €400.0bn IFRS 17 comparative figures as of 31 December 2022, up by €15.1bn.

Most investments are measured at fair value, except for debt investments and property assets not covered by unit-linked policies, which are measured using the amortized cost.

At 31 December 2023, investments at fair value through profit or loss represented 51% of total investments, investments at fair value through OCI represented 48% and investments at amortised cost represented 1%.

For more information, see Note 7 to the consolidated financial statements.

Financing liabilities

Financing liabilities came to €6,964.7m at 31 December 2023, vs €6,761.7m in the IFRS 17 comparative balance sheet at 31 December 2022.

During the year, a subordinated notes issue was carried out totalling €500.0m and a total of €200.0m subordinated notes were redeemed.

For more information, see Note 12 to the consolidated financial statements.

Solvency capital

The Group's SCR coverage ratio rose by 21 pts[1] vs 31 December 2022 to **253%**, supported primarily by the favourable market effect.

The increase reflected:

- the inclusion of La Banque Postale's insurance subsidiaries **(+2 pts)**;
- the inclusion of profit for the year, net of expected dividends (**+5 pts**);
- favourable market effects (**+28 pts**);
- a favourable change in asset allocation (**+ 3pts**);
- changes in subordinated debt (**+3 pts**);
- utilisation of the policyholders' surplus reserve (**-4 pts**);
- payment of an exceptional dividend of €1.2bn (**-8 pts**);
- the capping of subordinated debt not available for the determination of the coverage ratio at CNP Assurances Group level **(-6 pts).**

Surplus own funds increased the SCR coverage ratio by **64 pts** at 31 December 2023.

3.2 Financial statements of the CNP Assurances Holding (French GAAP)

Financial income

Financial income from dividends of subsidiaries and equity investments for €1,071.9m.

Profit for the year

Attributable net profit of €1,049.4m in 2023 The Board of Directors of CNP Assurances SA decided at its meeting of 27 September 2023 to pay an interim dividend of €1,002m to CNP Assurances Holding.

	31.12.2023	31.12.2022	31.12.2021[2]	31.12.2020[2]	31.12.2019[2]
Share capital *(in € thousands)*	4,000,256	150	150	150	150
Number of ordinary shares outstanding	400,025,632	150,000	150,000	150,000	150,000
RESULTS OF OPERATIONS *(in € thousands)*					
Premium income, excluding tax	0	36	n/a	n/a	n/a
Earnings before tax, depreciation, amortisation and provisions (EBTDA)	1,057,856	(16)	(12)	(18)	(24)
Income tax expense	8,481	0	0	0	0
Net profit	1,049,375	(16)	(12)	(18)	(24)
PER-SHARE DATA *(in €)*					
Earnings before tax, depreciation, amortisation and provisions (EBTDA) per share	2.64	(0.11)	(0.08)	(0.12)	(0.16)
Net profit	2.62	(0.11)	(0.08)	(0.12)	(0.16)
Dividend per share[1]	1.94	0.00	0.00	0.00	1.00
EMPLOYEE INFORMATION					
Average number of employees during the year	0	0	n/a	n/a	n/a
Total payroll and benefits *(in € thousands)*	0	0	n/a	n/a	n/a

(1) Dividend to be recommended at the Annual General Meeting of 23 April 2024
(2) Information based on the Company's Annual General Meeting minutes

(1) +23 pts vs the SCR coverage ratio for CNP Assurances SA and its subsidiaries (reporting scope before the creation of CNP Assurances Holding)

Equity

Equity at 31 December 2023 amounted to €10,464.1m vs €353 thousand at the previous year-end.

The change reflects the capital increase (€4,990 million positive impact), share premium (€5,414.3 million positive impact), movements in statutory reserves (€15 million positive impact), and 2023 net profit (€1,049.4 million positive impact).

Supplier payment terms

Under France's Act of 17 March 2014 concerning transparency of information about payment terms, companies whose financial statements are audited are required to disclose information in the management report about the payment terms with their suppliers and customers, in a format defined by decree.

In accordance with Articles L.441-14 and D.441-6 of the French Commercial Code, CNP Assurances Holding's payment terms in 2023 were as follows:

Invoices received and due but not yet settled at the year-end

In the following table, the percentage by period overdue has been calculated as follows:

- total invoices overdue by the period concerned divided by total purchases excluding VAT for the year, corresponding to a total of €265,282 worth of supplier invoices recorded in 2023.

	Period overdue				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
Reference payment terms: contractual period of 45 days end of month (Article L.441-6 or Article L.443-1 of the French Commercial Code)					
Number of invoices concerned	0	0	0	0	0
Total value excluding VAT of the invoices concerned	0	0	0	0	0
Percentage of total purchases excluding VAT for the year	0%	0%	0%	0%	0%

In application of the circular dated 29 May 2017 issued by Fédération Française d'Assurance, the information in the above tables does not include insurance and reinsurance payables.

Invoices issued and due but not yet settled at the year-end

No invoices were issued by CNP Assurances Holding in 2023.

3.3 Review of subsidiaries

Caixa Vida e Previdência

CVP reported **premium income** of €5.8bn, down €927m (14%) at constant exchange rates. The decrease reflected the slight loss of business momentum in the Pensions business observed since 2022, leading to a €976m (16.5%) decline in premiums in this segment at constant exchange rates. Term creditor insurance premiums totalled €364m, up 11% at constant exchange rates.

The **insurance service result** totalled €490m, an increase of €45m (10%) at constant exchange rates compared with 2022. Growth was mainly driven by expected releases from the CSM and RA (€106m positive impact), partly offset by lower new business volumes in Pensions (€34m negative impact) and the basis of comparison for death insurance (favourable 2022 post-covid effect).

Revenue **from own-funds portfolios** totalled €99m, representing a favourable swing of €130m at constant exchange rates from the previous year's loss. The subsidiary benefited from the high Selic rates on most of its assets.

EBIT came to €415 million, an increase of €152 million at constant exchange rates.

At €85m, CVP's contribution to **IFRS attributable net profit** was up €38m as reported, after deducting non-controlling interests of €128m and income tax expense of €203m. The currency effect in 2023 was not material, with the year–on–year increase at constant exchange rates at €38m.

Caixa Seguradora Holding

CSH's **premium income** came to €720m, down €62m (8%) at constant exchange rates, due mainly to a large part of the portfolio being managed on a run-off basis.

The **insurance service result** was stable at €221m, (up by €1m or 0.4% at constant exchange rates) compared with 2022. The improved claims experience and higher net investment income partly offset the fall in home loan term creditor insurance business (managed on a run-off basis) and the €38m negative impact of reclassifying the *Capitalizaçao* business from the "Insurance service result" to "Other insurance revenue" in accordance with IFRS 17, with no impact on consolidated profit.

Revenue from own-funds portfolios rose by €1.5 million at constant exchange rates, to €40m.

EBIT came to €259 million, an increase of €41 million at constant exchange rates.

At €94m, CSH's contribution to **IFRS attributable net profit** was down €4.7m as reported, after deducting non-controlling interests of €71m, adding the €21m share of profits of equity-accounted companies, and deducting income tax expense of €114m. The currency effect in 2023 was not material, with the year-on-year decline at constant exchange rates only slightly higher at €4m.

CNP UniCredit Vita

CUV's **premium income** totalled €2.8bn, down €326m (10%) vs 2022. Savings and pensions premiums contracted by €365m in an unfavourable market environment for the life insurance business. The product mix was rebalanced thanks to the good performance of traditional savings products with a unit-linked formula and the successful launch of the new traditional savings fund, driving an increase in the proportion of premium income derived from traditional savings funds to 47% from 24% in 2022. Personal risk premiums rose by a very strong€55m, an increase of 85.6%.

The **insurance service result** was up €13m (18%) vs 2022, at €82m. Liquidation surpluses and bonus commissions drove a €13m increase in the insurance service result of the personal risk/protection business, while the favourable economic climate had a positive impact of €15m. These gains were partly offset by a €9m decline in current releases for the year from the CSM and RA.

Revenue from own-funds portfolios represented a negative €9m, an improvement vs 2022 when unfavourable financial market conditions led to a low basis of comparison. CUV took steps to reduce the sensitivity of its P&L at the beginning of 2023 (notably by selling its mutual fund portfolios).

EBIT came in at €67m, an increase of €32m vs 2022.

After deducting non-controlling interests of €24m and income tax expense of €18m, CUV's contribution to **IFRS attributable net profit** amounted to €25m, up €11m vs 2022.

CNP Vita Assicura

CVA's **premium income** amounted to €2.7bn, a fall of €1.7bn (39%) vs 2022. The subsidiary had to contend with a persistently unfavourable environment for insurance products in Italy (due to competition from higher-yielding bank products, especially BTP 10-year government bonds which offered a return of 3.7% at the end of December 2023). In addition, the temporary freeze on policyholder surrenders imposed by Eurovita fuelled a climate of mistrust.

The **insurance service result** was stable at €70m (up €2m or 0.3%). The positive effects of the fall in interest rates (+€51m) were offset by negative experience effects (-€35m) linked to the increase in surrenders, the decline in new money and the reduction in the expected future profits released from the CSM and RA (-€13m).

Revenue from own-funds portfolios totalled €18m, reflecting growth in interest revenue in the higher interest rate environment and the low prior year basis of comparison resulting from the unfavourable financial market conditions in 2022.

EBIT came in at €52m, an increase of €18m vs 2022.

After deducting income tax expense of €16m, CVA's contribution to **IFRS attributable net profit** amounted to €36m, up €14m vs 2022.

CNP Santander Insurance

CNP Santander Insurance's **premium income** amounted to €745m, down €15m (1.9%) in an environment shaped by declining bank loan originations.

The **insurance service result** came to €133m, an increase of €15m (13%) led mainly by €11m growth in net investment income and the €3m positive effect of improved claims ratios, particularly in the non-life segment.

Revenue from own-funds portfolios was up €6m, reflecting positive market effects and increased revenue from fixed-income portfolios.

CNP Santander Insurance's contribution to **IFRS attributable net profit** amounted to €42m, representing €9m more than in 2022.

CNP Assurances de biens et de personnes (CNP ABP)

CNP ABP's **premium income** stood at €1.1 bn, an increase of €56m (5%) driven by new business and price revisions in property & casualty insurance.

The **insurance service result** came to €213m, an increase of €55m (34%) led mainly by €39m growth in long-term care net return and the property & casualty business recurring profit (improved claims ratio for climate events, after an exceptional 2022, up by €19m).

Revenue from own funds portfolios were up by €30 million, mainly reflecting the low basis of comparison on rates and shares in 2022

CNP Santander Insurance's contribution to **IFRS net profit attributable to owners of the parent** amounted to €125 million, representing €37 million more than in 2022.

3.4 Cash and capital resources

3.4.1 Share capital

Equity

See section 3.1. Consolidated financial statements, Consolidated balance sheet at 31 December 2023.

Share capital

Amount of fully subscribed and paid-up share capital at 31 December 2023: €4,000,256,320, divided into 400,025,632 shares with a par value of €10.

See section 8. Ownership structure

3.4.2 Information on the borrowing requirements and funding structure of the issuer

Financing structure

The CNP Assurances Group issues various types of subordinated notes through CNP Assurances SA which play an important role in its capital management strategy. The Group's financial headroom is derived from its very strong track record in raising funds on the debt securities markets. The CNP Assurances Group constantly endeavours to diversify its investor base, in terms of both geographies and currencies, as evidenced by CNP Assurances SA's success in placing euro and dollar issues.

The capital structure is regularly adjusted to take into account the Group's growth prospects in Europe and Latin America, Solvency II capital requirements, Standard & Poor's rating criteria and the opportunities offered by the capital markets. For more information, see:

- Note 12 to the consolidated financial statements – Subordinated debt;
- Note 10.4 to the consolidated financial statements – Undated subordinated notes reclassified in equity;
- Notes 7.7 and 7.8 to the consolidated financial statements – Derivative instruments and Hedge accounting;
- Note 17 to the consolidated financial statements – Investment income.

Material investments and dedicated financing sources

The following information concerns material investments by the CNP Assurances Group that are currently in progress or are the subject of firm commitments. Material investments are investments that have been announced by the Group and that extend the scope of its business.

There were no investments in 2023 that met these criteria.

Financing liabilities

See section 3.1. Consolidated financial statements, Consolidated balance sheet at 31 December 2023.

Debt-to-equity ratio

This ratio corresponds to subordinated notes classified in debt and equity divided by the sum of total equity and subordinated notes classified in debt. It measures the proportion of financing represented by total subordinated notes (classified in both debt and equity).

The ratio stood at 26.2% at 31 December 2023 versus 27.1% at the previous year-end.

3.4.3 Liquidity

Cash and cash equivalents amounted to €1,598.5 million at 31 December 2023 versus €1,123.3 million at end-2022. For more details on cash flows, see the Consolidated Statement of Cash Flows in the consolidated financial statements.

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents reported in the statement of cash flows are stated net of bank overdrafts used for cash management purposes.

Cash flows from operating activities correspond essentially to the cash flows of the Group's revenue-generating activities. Cash flows from investing activities correspond to cash flows from purchases and sales of investment property and securities, owner-occupied property and equipment and intangible assets. "Ordinary" money-market funds are classified as cash flows from investing activities.

Cash flows from financing activities correspond to all cash flows leading to a change in the amount and components of equity and financing liabilities, as follows:

- share issues and cancellations;
- debt issues and repayments;
- purchases and sales of treasury shares;
- dividends paid to owners of the parent and non-controlling shareholders of subsidiaries.

3.5 Solvency

The Solvency II directive defines the prudential regime applicable to European insurance and reinsurance undertakings. It sets the minimum capital required by each insurance undertaking and insurance group in order to be able to fulfil their commitments towards insureds and the beneficiaries of their insurance policies. The directive also describes the governance and risk management principles to be applied by these undertakings and groups, as well as their reporting obligations towards the public and the insurance supervisor.

Since 1 January 2016, when the Solvency II directive came into effect, CNP Assurances' solvency capital has been measured using the standard formula in Solvency II, without applying any internal models or any transitional measures, except for the grandfathering of subordinated notes issued before Solvency II came into effect.

At 31 December 2023, CNP Assurances' consolidated SCR coverage ratio was 253%. The excess of own funds eligible for inclusion in capital available to cover the SCR (€38.1 billion) over the SCR (€15.1 billion) represented a regulatory surplus of €23.1 billion. The Solvency Capital Requirement (SCR) is the 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.

The Group's consolidated MCR coverage ratio at 31 December 2023 was 417%. The excess of own funds eligible for inclusion in capital available to cover the consolidated MCR (€32.0 billion) over the consolidated MCR (€7.7 billion) represented a regulatory surplus of €24.3 billion. The Minimum Capital Requirement (MCR) corresponds to the 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.

More detailed information about the SCR and MCR coverage ratios and changes in these ratios compared with 2022 will be presented in the 2023 Solvency and Financial Condition Report (published in April).

Chapter

4

Growth and business outlook

A strategy to underpin the Company's ambitions

4.1 A strategy to underpin the Company's ambitions

In 2023, CNP Assurances pursued its transformation based on an ambitious shared strategy, with the aim of becoming the most useful insurer for all its stakeholders, reversing the perception of its business's usefulness and pushing back the boundaries of insurance.

Organisational changes

A full-service insurer covering people and property
thanks to the **consolidation of La Banque Postale's insurance business** within CNP Assurances Holding and the integration of 900 employees with this business expertise.

An international group
present **in Europe and Latin America,** which is consolidating its growth, in addition to its exclusive partnerships, in an open model in Brazil and Italy, its second-largest European market.

An integrated group
whose business lines are coordinated on an international level, encouraging the sharing of best practices between countries and business units to **maximise innovation and customer and partner satisfaction.**

CNP Assurances' ambition:

To be the most useful insurer for all our stakeholders

Three strategic levers

1

Strengthen the fundamentals

- Adapt the individual savings/pensions model in response to changes in the interest rate environment and sustainability issues
- Consolidate positions in term creditor insurance, based on an optimised industrial model
- Strengthen our partnership with Caixa Econômica Federal

2

Develop growth and diversification levers

- Harness the power of our partnership with La Banque Postale
- Grow the premium savings and social protection segments
- Activate additional growth drivers in Europe and Latin America

3

Transform the model

- Strengthen the unique qualities defined by the corporate mission
- Push back the boundaries of insurability
- Develop a very high value-added business model to become an essential link in the customer and partner value chain

A strategic plan in 11 projects

To fulfil its ambition, CNP Assurances has set out a strategic plan with 11 participative projects throughout the Group, organised around 3 major strategic levers:

#Strengthen **#DevelopmentPriority** **#TransformationPriority**

These projects provide an opportunity to cross-fertilise the experience and expertise of our employees across the various business lines and countries.

Chapter

5

Risk factors

The purpose of this section is to present the Group's main risk exposures and comply with:

- Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or for their admission to trading on a regulated market (Prospectus 3);
- Delegated Regulation (EU) 2019/980 of the European Commission dated 14 March 2019, supplementing Regulation (EU) 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;
- ESMA guidelines on the new format for risk factors which issuers must disclose in Prospectus 3 (ESMA31-62-800).

The risks described below are inherent in the economic, competitive and regulatory environment in which the CNP Assurances Group operates. The main risks to which the CNP Assurances Group is exposed are set out below.

This section discusses:

- **financial market risk factors:** interest rate risk, equity price and yield risk, and real estate risk;
- **credit and counterparty risk factors:** downgrade and default risk, credit and counterparty concentration risk;
- **insurance underwriting risk factors:** policy surrender or cancellation risk;
- **operational risk factors:** outsourcing risk, product compliance and customer interaction risk (particularly money laundering and terrorism financing risk, sanctions application risk and fraud risk), information systems security risk, data protection risk, cyber risk and investment and asset/liability management (ALM) risks;
- **strategic risk factors**: strategic partnership risk, reputational risk, investee and contagion risk, regulatory risk, country risk;
- **climate change risk factors.**

Information about risk management processes, procedures and controls is provided in Chapter 7 of this document.

The risk assessments were carried out in 2023 as part of the annual update of the risk map for the CNP Assurances Group using three approaches:

- **Solvency Capital Requirement (SCR) as defined under the Solvency II standard formula (preferred method):** estimated impact of risk occurrence on the Group's coverage ratio;
- **sensitivity of the solvency ratio to the assessed risk:** method used for risks not captured in the standard formula when an impact study was available;
- **recurring profit before tax:** estimated impact on profit of a risk occurrence;
- **six-month loss of liquidity** on insured portfolios added in 2023;
- **other approach:** expert judgement, based on exchanges of views and the opinion of professionals, impact studies, indicators and internal reports.

SEVERITY ASSESSMENT

For the risks assessed using a quantitative approach, the following measurement scale was used:

	Minor	Moderate	Major	Critical
Solvency II coverage ratio	< 5 pps	5 - 10 pps	10 - 20 pps	> 20 pps
Profit before tax	< €10m	€10 - €50m	€50 - €250m	> €250m
Potential loss of liquidity	< €1bn	€1 - €5bn	€5 - €10bn	> €10bn

This approach was rounded out by an expert analysis taking into account the risk's frequency as well as image, human (emotional or physical harm), regulatory and legal aspects or any other relevant factor.

The residual rating (corresponding to the residual risk) is the gross rating mitigated by the corrective measures implemented by the CNP Assurances Group to contain the risk. The residual ratings were used as the basis for selecting the risks presented in this chapter.

The risks identified as material (**Critical** or **Major** residual rating) for the Group are thus classified as follows:

Risk family	Risk	Residual rating	Year-on-year change
Financial market risks	Interest rate risk	Critical	Stable
	Equity price and yield risk	Critical	Increasing
	Real estate risk*	Major	Increasing
Credit and counterparty risks	Downgrade and default risk	Major	Stable
	Credit and counterparty concentration risk	Major	Stable
Insurance business risks	Surrender or cancellation risk	Critical	Increasing
Operational risks	Outsourcing risk	Major	Stable
	Product and customer interaction (financial security and AML-CFT) compliance risk	Major	Stable
	Information system, data security and cyber risks	Critical	Stable
	Investment and asset/liability management (ALM) risks*	Major	Stable
Strategic and business risks	Strategic partnership risk	Critical	Stable
	Reputational risk*	Major	Increasing
	Investee and contagion risk*	Major	Increasing
	Regulatory risk	Major	Stable
	Country risk	Major	Stable
Climate change risks	Climate change risk	Major	Stable

* *The risk map for the CNP Assurances Group was updated in 2023 to include real estate risk related to the implementation of investment and asset/liability management (ALM) strategies, reputational risk, and investee and contagion risk*

Changes in risk ratings in the updated risk map were limited to a few upgrades, primarily in the technical risk family that were due for the most part to the changed environment resulting from higher interest rates and surrender rates.

Risks are monitored using the Risk Appetite Statement (RAS) prepared since the beginning of 2021, which formally describes the Group's appetite for the risks that it is and may be exposed to in the course of its business, currently and in the coming year. It also expresses the risk tolerance, i.e. the maximum level of risk the Group is willing to assume. It is intended to cover all risks classified as major or critical at Group level.

Although resources are devoted to continuously monitoring risk management activities, there is no assurance that the risk map will not be modified in the future to take into account future events or circumstances.

5.1 Financial market risk factors

Interest rate risk

Changes in interest rates affect the market values of financial instruments, which in turn affect CNP Assurances' income statement and/or its solvency ratios. They also have an impact on the CNP Assurances Group's current and future profitability by affecting the terms on which funds are reinvested or financing is raised, as well as influencing the behaviour of customers who may transfer their savings to products offering a more attractive yield or exercise their contractual options.

Since financial risks represent CNP Assurances' largest risk exposure, monitoring procedures for this risk were stepped up following the emergence of the Covid-19 crisis in 2020.

The fixed-income portfolio (excluding unit-linked assets) represented 74% of CNP Assurances' assets and a carrying amount (under IFRS) of nearly €233 billion.

There are two main interest rate risks:

- Reinvestment or downside risk, corresponding to the risk of lower-than-expected future investment returns, due to falling interest rates. The risk is greater if the maturities of assets are shorter than the maturities of liabilities (asset/liability maturity mismatch). 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 contracts with a guaranteed yield, there is a risk that asset yields will be insufficient to cover contractually guaranteed yields, forcing the insurer to use its own-funds portfolio to pay the guaranteed amount.
- Liquidation risk or the risk of rising interest rates, corresponding to the risk of having to sell fixed-income investments at a loss. If the maturities of obligations to policyholders are shorter than the maturities of the bonds held in the investment portfolio (asset/liability maturity mismatch), the insurer will have to sell bonds to fulfil its obligations. In a period of rising interest rates, the market price of the bonds in the portfolio will be less than their purchase price and the insurer will incur a loss on their sale. During this period, interest and redemption proceeds were reinvested at lower rates of interest, leading to a gradual erosion of bond portfolio yields. Due to the Group's exposure to the risk of falling interest rates (maturities of assets shorter than maturities of liabilities), the decrease in the benchmark rates used for the preparation of the economic balance sheet led to a reduction in both economic capital and the SCR coverage ratio under Solvency II.

For several years, the CNP Assurances Group followed a policy of setting aside a portion of the investment income generated by its investments in the policyholders' surplus reserve (PSR), which could be used in periods of low interest rates. If interest rates were to stay low in the future, it could be necessary to use the reserve to top up policyholder dividends. Pursuant to the government order relating to surplus funds in life insurance dated 24 December 2019, a substantial portion of the policyholders' surplus reserve can be included in the calculation of the SCR coverage ratio. In addition, the CNP Assurances Group has continued to transform the technical reserves of the savings business and to extend the duration of its fixed-income asset portfolios.

In 2023, interest rates followed an uneven trajectory. Market interest rates increased over the first nine months, on the back of sharp rises in 2022, before retreating significantly in the fourth quarter to end 2023 below their prior year low.

After rising to 4% earlier in 2023, the ECB refinancing rate ended the year at 4.5%, up 2% compared with 31 December 2022. On the long-term debt markets, France's 10-year OAT rate ended 2023 at 2.55%, down by around 55 basis points over the year.

The CNP Assurances Group's exposure to interest rate risk has reduced based on IFRS 7 metrics. The variability of IFRS 17 profit and equity eased in 2023, reflecting last year's conservative approach to risk management. This positioning is consistent with their Solvency II exposure to interest rate risk, which was roughly balanced.

In 2023, financial market trends were favourable, adding 27 points to the SCR coverage ratio. All told, a 100-bps decline in European interest rates would have resulted in a 5-point decrease in the consolidated SCR coverage ratio, which stood at 253% at 31 December 2023,

For the reasons explained above, the Group's exposure to interest rate risk is considered as **Critical**.

Equity price and yield risk

Fairly significant amounts are diversified and invested in equities and equity funds as part of the CNP Assurances Group's portfolio diversification policy.

Unfavourable changes in stock market parameters (price, volatility, etc.) represent a risk of loss for the Company.

The CNP Assurances Group is sensitive to two types of risk:

(i) the risk of a decrease in dividend income, primarily affecting the IFRS income statement by leading to a reduction in revenue;

(ii) a risk related to the decline in the market value of equities, which could have an impact at several levels:

  (a) a decrease in the Solvency II coverage ratio,

  (b) a decrease in equity under IFRS (a 10% decline in equity prices would reduce equity by €338 million),

  (c) a significant and prolonged decline in equities markets could have an additional income statement impact resulting from the recognition of a liquidity risk reserve and impairment provision.

In 2023, the bullish equity markets made up for the ground lost in 2022. The improvement was led by hopes that inflation had been brought under control and by the behaviour of the fixed income markets.

A 25% decline in equity prices would have resulted in a 12-point reduction in the consolidated SCR coverage ratio, which stood at 253% at 31 December 2023.

The CNP Assurances Group has a long-standing hedging programme designed notably to limit the impact of a fall in equity prices.

This risk is considered as **Major**.

Real estate risk

Real estate risk measures the sensitivity of property portfolio values to changes in prices on the real estate markets. The risk concerns both investment property and owner-occupied property.

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 values) as well as to the risk of tenant default and declines in rent adjustment indices.

The value of properties owned by the CNP Assurances Group, directly or through funds, is exposed to the risk of changes in rental income and in the real estate investment market. It is also exposed 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 their sale or additional costs to bring the assets back into compliance. Although property companies are rarely exposed to leverage risks, these risks also need to be taken into consideration in a rising interest rate environment.

In 2023, the ECB implemented several interest rate hikes and France's 10-year OAT rate was extremely volatile. This environment encouraged real estate investors to postpone their investment decisions. Real estate prices started to fall in the second half and sell-offs were observed, particularly of units in SCPI property investment funds. In the current hesitant market, the risk of price corrections persists despite the first interest rate cuts at the end of 2023.

Since 2018, compared to the benchmark[1], CNP Assurances' property portfolio has been over-weighted towards assets in the Paris central business district (CBD) and under-weighted towards residential property (apart from the Lamartine asset). The decline in the portfolio's appraisal values in 2023 was restrained by the quality of the assets and their limited exposure to price corrections. The average decline ranged from 3% to 5%, with a further decrease expected in 2024. The fall in value of assets held by SCPI property investment funds was much steeper, ranging from 7% to 15% depending on the type of underlying asset, with office properties being the hardest hit.

Given current market trends, the exposure of CNP Assurances Group to real estate risk is considered as **Major**.

Currency risk

Currency risk arises from two types of position

1. Management of portfolios representing customer commitments: Most portfolios covering insured liabilities are invested in assets denominated in the insurance company's functional currency. As a result, portfolio exposure to currency risk is limited (e.g., net-of-hedging exposure to a currency other than the euro represents less than 5% of the investments of CNP Assurances and its French subsidiaries).
2. The Group is exposed to currency risk on its operations in Brazil and on the translation of the financial statements of its local subsidiaries. These exposures are more material. The CNP Assurances Group is also exposed to currency risk on the profits of its Brazilian subsidiaries and actively manages this risk using hedging instruments.

International subsidiaries submit their financial statements to the group in their functional currency, which corresponds to their local currency. In the consolidated financial statements, the assets and liabilities of international subsidiaries are translated into euros, the group's presentation currency, using the exchange rate at the balance sheet date.

In the case of the Brazilian subsidiaries, at each balance sheet date, the impact of changes in the exchange rate for the Brazilian real is recorded under "Translation adjustments" in consolidated equity. A positive translation adjustment – corresponding to a favourable currency effect – is recorded if the real has appreciated against the euro and vice versa.

The amount reported under "Translation adjustments" in consolidated equity corresponds to the cumulative net amount of all the translation adjustments recorded since the Brazilian entities were included in the scope of consolidation for the first time.

(1) Source: MSCI

5.2 Credit and counterparty risk factors

Downgrade and default risk

Credit and counterparty risk includes the risk of default by the counterparty, whether a private company or a sovereign issuer, i.e., the risk of loss related to the characteristics of the counterparty.

Sovereign debt and equivalent

During periods of increased government borrowing, there may be growing concern about the ability of certain sovereign issuers to continue to service their debt, leading to investor distrust of the corresponding bonds and significantly wider spreads. In extreme situations, the CNP Assurances Group may be faced with an actual default or a debt restructuring and have to take a significant haircut on the securities in question.

The CNP Assurances Group holds significant portfolios of French and other European government bonds and is naturally sensitive to any widening of sovereign debt spreads in the main eurozone countries that are considered to be relatively exposed. A wave of surrenders could oblige the Group to sell part of the government bond portfolio and if spreads widen, the sales could generate losses which could in turn impact its own funds.

If sovereign spreads were to widen by 50 points, this would result in a 9-point reduction in the Group's consolidated SCR coverage ratio, which stood at 253% at 31 December 2023.

Corporate bonds

The credit risk on a bond is the risk of partial or total issuer default and also, by extension, an increase in the bond portfolio's credit spread. 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.

As a long-term investor, the CNP Assurances Group held almost €100 billion worth of corporate bonds (based on market values) representing 45% of the total bond portfolio (excluding unit-linked portfolios) at 31 December 2023. It is exposed to the risk of a change in credit spreads on these bonds.

This risk depends on the health of the issuer's balance sheet and its credit quality. Out of the total corporate bond portfolio (excluding banks), 50% are rated A or higher and non–investment grade bonds (rated BBB) account for 47% (based on market values – excluding banks). There were no significant rating downgrades, reflecting the portfolio's high credit quality.

Nonetheless, to measure the impact of credit risk more accurately, a new sensitivity test was introduced in 2020, analysing sensitivity to a one-notch rating downgrade applied to 20% of the bond portfolio. At 31 December 2023, a rating downgrade affecting 20% of the portfolio would have resulted in a limited 3-point reduction in the SCR coverage ratio.

Since 2022, CNP Assurances Group's hedging programme has systematically included hedges of spread risk.

All told, in light of these parameters, the exposure of CNP Assurances and its subsidiaries to downgrade and default risk is considered as **Major**.

Credit and counterparty concentration risk

This risk arises from large individual exposures or from significant exposures to a group of counterparties considered as a single beneficiary or from significant exposures to counterparties operating in the same industry or geographical area.

The CNP Assurances Group has a significant investment in sovereign debt, which represented 33% of insurance assets excluding unit-linked portfolios at the end of 2023. The majority of the investments are made in relatively stable regions, including 45% in France and 29% in Europe.

Concentration risk is considered **Major** for the CNP Assurances Group but is mitigated by the existence of a framework defined in the Risk Appetite Statement, which imposes precise limits on geographical and industry concentrations.

This framework is supplemented by concentration limits by group of issuers, defined for investment risk management purposes.

5.3 Insurance business risk factors

Surrender or cancellation risk

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

Non unit-linked contracts include a surrender option for a contractually fixed amount. Surrender rates depend on how the financial markets perform, the yield offered by other competing financial products, policyholder behaviour and their confidence in the Group, and the tax rules applicable to investments in life insurance products.

For group pensions contracts, surrender risk corresponds primarily to the risk of the policy being transferred by the customer to another insurer. The PACTE law that came into effect in France in 2019 requires insurers to include a clause in their policies which allow for this.

The Group's exposure to surrender risk is significant. High surrender rates could have a significant adverse effect on the Group's earnings or solvency ratios in certain unfavourable environments.

In 2023, surrender risk increased in France and in the rest of Europe, in the more challenging economic environment affected by the dual impact of rising inflation and higher interest rates.

In France, at the beginning of 2023 the surrender rate rose sharply in the premium savings segment and more modestly in the other segments.

The rate ended the year up slightly versus 2022, but below the rate for the market as a whole.

Surrender risk monitoring was stepped up during the year. Management action, including changes to the policyholder dividend policy and other commercial initiatives, helped to prevent surrenders and maintain the flow of new money.

In 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 cancellation of the creditor insurance contract. An unexpectedly high surrender rate would modify the average contract duration and could adversely affect the business's profitability. As one of France's leading providers of term creditor insurance, CNP Assurances has significant exposure to surrender risk in this business segment, which could have a material impact on the consolidated earnings of the CNP Assurances Group. France's Lemoine Act allowing borrowers to cancel their term creditor insurance cover at any time, which came into effect on 1 June 2022, triggered a sharp rise in the cancellation rate over the rest of that year, hitting their ceiling in December 2022. The rate eased in the first part of 2023, before stabilising in the latter part of the year at a level that was nonetheless higher than that observed before the Lemoine Act came into effect. At the same time, rising interest rates continued to severely restrict the opportunities for home buyers to transfer their mortgage to another bank.

The overall result was that the term creditor insurance cancellation rate was only slightly down on 2022. Monitoring systems and retention measures have been set up in coordination with the distribution partners.

At the level of the subsidiaries, surrender risk is considered as “Critical” in Italy given the dominance of the savings business, as well as in Brazil for pension products, due to the risk of contracts being transferred to competitors. The integration of the new subsidiaries in Italy has increased the Group's exposure to surrender risk in the Europe excluding France region.

In 2023, surrender rates rose sharply in Italy, in an environment shaped by rising Italian interest rates, competition from Italian government bonds (BTP) and a crisis of confidence in the insurance system following the EuroVita bankruptcy. Surrender risk monitoring was stepped up during the year and Management acted by launching commercial measures coordinated between head office and the subsidiaries.

In Brazil, personal risk insurance products and products associated with home loans and consumer finance also give rise to a significant cancellation risk.

More generally, surrender risk is linked to policyholder behaviour, which by definition is highly uncertain and partly dependent on external factors. This risk is considered as **Critical**.

Non-life catastrophe risk

Catastrophe risk in property & casualty insurance is a risk attributable to the occurrence of extreme, uncertain and irregular events that could cause significant damage to insured property. These events, which are playing an increasingly central role, can be caused by the abnormal intensity of a natural hazard or by human intervention.

The CNP Assurances Group is exposed to this risk through the marketing of property & casualty insurance products by its subsidiaries in mainland France and the French overseas departments and regions (CNPAI), as well as by its subsidiaries in Brazil and Cyprus. This business accounted for just 3% of the Group's total premium income in 2023.

Nevertheless, given the potentially high impact of weather-related claims on property & casualty insurance, the CNP Assurances Group has implemented risk prevention and mitigation measures. These measures include reinsurance, which makes it possible to transfer part of the risk to reinsurers with the aim of optimising the management of property damage exposure (property, motor, etc.) to climate-related losses, particularly in high-risk areas.

5.4 Operational risk factors

Outsourcing risk

The CNP Assurances Group's multi-partner development strategy involves the use of subcontractors. There are three main types of outsourced services:

- policy administration;
- asset management; and
- information systems management.

The main outsourcing risks concern compliance with expected and contractual service quality standards, compliance with the requirements imposed by the insurance supervisor, technological, operational or financial dependence on the subcontractor for the execution of the outsourced service, compliance with data protection regulations, etc.

In response to the identified challenges and risks, the CNP Assurance Group's Outsourcing Management department:

- defines and implements the outsourcing policies of the CNP Assurances Group;
- oversees outsourced activities on a consolidated basis on behalf of senior management;
- leads the outsourcing governance committees, which are responsible for deciding to retain the services of subcontractors, assessing the criticality of the outsourced activities and ensuring that the activities are supervised;
- informs the insurance supervisor of all critical or important outsourced activities.

The outsourcing control organisation is led by the Internal Audit department, which represents the third line of defence. The second line of defence is provided by the Outsourcing Management department.

Controls over critical or important outsourcing activities have been strengthened by the introduction of:

- a key risk indicator (KRI) reporting system;
- a risk matrix that can be used by senior management to assess the level of risk associated with critical or important activities.

CNP Assurances' exposure to outsourcing risk is considered as **Major**.

Product compliance and customer interaction risk (money laundering and terrorism financing risk, sanctions application risk and fraud risk)

Product compliance risk relates to risk that could prevent the Company from fulfilling its regulatory obligations and/or complying with internal standards in its relations with policyholders.

Several aspects of the regulatory framework governing insurance activities have been changed over recent years. Many new regulations have been introduced to improve customer protection, with the Packaged Retail and Insurance-based Investment Products (PRIIPs) regulation that came into effect in January 2018; the Insurance Distribution Directive (IDD) that came into effect in 2018, extended by the new ACPR recommendation on its implementation issued in 2023; and the General Data Protection Regulation (GDPR). Every year, new obligations are introduced to enhance consumer protections. Since 2022, these have included increased obligations for distributors that sell insurance products over the phone, simplified access to term creditor insurance, the right for borrowers to terminate term creditor insurance cover at any time (Lemoine Act), three-click cancellation, inclusion of sustainability factors in life insurance contracts, fee transparency and expanded access to the insurance ombudsman.

The new regulations expose the CNP Assurances Group to compliance risks due to its broad range of businesses, in an environment shaped by the digitalisation of policyholder relationships and the increased focus on unit-linked sales, which are also a source of changing risks.

Under the Group's business model in France, it generally falls to the distribution partner to present life insurance operations to customers, although responsibility for these presentations lies with the insurer. The products offered by the Group and the contractual and marketing documents presented to customers must be legally watertight and provide policyholders (or insureds) with clear information about the content and scope of the purchased cover or the insurance proposal.

In response to the Covid-19 crisis and in line with its efforts to modernise its processes, CNP Assurances has developed a system of electronic signatures with its partners. It also set up a Customer Journey Committee several years ago, tasked with proposing measures to reduce as far as possible the customer effort required to complete a process with CNP Assurances or its partners.

Combating money laundering and the financing of terrorism (AML-CFT), ensuring compliance with financial sanctions and combating fraud are a constant concern for the CNP Assurances Group. The Group's business model, in which many transactions are performed by partners, has shaped the related controls. When the commercial relationship is managed by the distribution partner, the partner plays an essential role in performing know-your-customer procedures initially and at regular intervals throughout the customer relationship, as well as in exercising appropriate oversight of customer transactions. The management agreements entered into with the distribution partners describe the tasks performed by the partners on behalf of CNP Assurances and its partners and also include appropriate compliance clauses.

CNP Assurances was fined in 2018 for weaknesses in its AML-CFT procedures. Since then, it has made extensive improvements to the overall system and has developed a proprietary surveillance tool that is used to carry out internally some of the controls required by the regulations.

Since 2018, the CNP Assurances Group has invested continuously in this surveillance tool, developing new and improved functionalities and expanding its coverage by adding fraud scenarios and detection measures.

In July 2022, France's banking and insurance supervisor, the ACPR, informed the Group that it was terminating its post–audit monitoring of action to resolve the weaknesses identified in 2018. Since then, discussions between the ACPR and CNP Assurances on AML-CFT and sanctions application issues have been pursued during annual follow-up meetings.

For the reasons explained above, The CNP Assurances Group's exposure to compliance risk is considered as **Major**.

Information system, data security and cyber risks

The CNP Assurance Group's operational and sales activities are all reliant on its information system.

Information system risks include systems security risks, software malfunction risks and data protection risks (covering the disclosure, alteration or destruction of sensitive data). Instances of system downtime or failure or processing delays could lead to direct or indirect financial losses (cost of restarting the system, organisational costs) and may also damage the Group's image among customers and partners. Granting access to the systems to certain partners and outside contractors exposes the CNP Assurances Group to risks of intrusion and malicious acts that could result in the disclosure of sensitive data.

As a life insurer that holds insureds' medical data, the CNP Assurances Group is heavily exposed to the risk of personal data breaches due to the large volume of information on policies and policyholders that is processed automatically or manually. This issue also exposes the Group to reputational risk. Personal data breaches may expose the Group to a fine of up to €20 million or 4% of revenue under the General Data Protection Regulation (GDPR). In addition, the fine can be made public.

Cyber risk is defined as any risk of financial loss due to:

- a cyber attack;
- unsecured information system access;
- sensitive data leaks.

The CNP Assurances Group monitors cyber risk continuously, and coverage of this risk is regularly challenged by a dedicated team of experts in order to adapt with agility to the constantly changing environment in which cyber-attacks are increasingly frequent and complex.

The cyber risk management system is overseen by the Chief Information Systems Security Officer (CISSO) and a Data Protection Officer (DPO). It is based on:

- very large-scale systems security audits conducted throughout the year;
- extensive preventive measures;
- appropriate governance, risk management and reporting systems.

With the increase in cybercrime and the roll-out of working from home arrangements across the organisation, the risk of intrusion in the systems of the CNP Assurances Group remains a major source of concern. The CNP Assurances Group has responded by improving the level of risk coverage and adopting new preventive measures, including:

- mandatory training;
- phishing campaigns measuring individual employees' sensitivity to cyber risks;
- dedicated infrastructure to prevent denial of service attacks;
- data anonymisation;
- improved workstation security;
- tighter controls over access to protected networks;
- annual certification of all internal user accounts, to limit the risk of intrusion into the Group's information systems via obsolete user accounts.

Many activities were proposed by the Group ISS team during the cyber-risk awareness month and the team also organises monthly cyber war game workshops, quarterly cyber-security cafes and new escape game sessions.

In terms of organisation and governance, information systems risk is monitored at the highest level of the Group and is integrated into its general risk management policy. An appropriate committee structure has been set up, supported by a steering and reporting system.

The operational risk reporting and management system can be summarised as follows:

- an ISS community has been set up at Group level, composed of the subsidiaries' chief information systems security officers who discuss security issues as and when they arise;
- monthly reports are distributed within the Customer Experience, Digital Services and Data department on the security situation of the various computer applications (vulnerabilities, level of anonymisation, technical platform support, directory back-up);
- a cyber-security dashboard is presented to the Executive Committee on a monthly basis;
- twice-monthly reports are prepared to keep the business units and corporate departments up to date about the maturity of their applications security system;
- systems security risks are included in the operational risk section of the quarterly risk reports produced by the Group Risk department and presented to the Executive Committee and Audit and Risk Committee. The reports are also sent to the La Banque Postale group's Risk Management department;
- systems security reports are presented to the boards of directors of CNP Assurances, once a year or more frequently if necessary;
- an inventory of cyber risks is presented to the Board of Directors once a year.

Finally, best practices are shared regularly within the Group and meetings with Caisse des Dépôts and La Poste take place on a regular basis in order to share best practices and pool cyber–risk prevention efforts within the major public financial hub.

Similarly, the Group ISS team actively participates in the various working groups of external organisations dealing with information systems security and cyber risks, particularly in the financial services sector. The team has contributed to several white papers describing insurance industry best practices in the area of information systems security.

In late 2021/early 2022, Open CNP invested in four cyber-security start-ups:

- YesWeHack, which calls on ethical hackers to detect vulnerabilities. The bug bounty platform now has more than 25,000 hunters and customers in over 40 countries;
- CybelAngel, which specialises in detecting data leaks;
- Tehtris, which has developed a new generation of antivirus software;
- Egerie which has developed four cyber risk mapping and analysis solutions based on ANSSI's EBIOS Risk Manager method. The CNP Assurances Group systems security teams use these solutions.

In all, information systems security risks, data protection risks and cyber risks are considered as **Critical** at the level of the CNP Assurances Group.

Investment and asset/liability management (ALM) risks

CNP Assurances Group has defined a framework, policy and rules governing their investing and asset/liability management activities.

Failure to apply the investment policy and rules could lead to poor investment choices with significant financial or reputational consequences. Failures in investment and ALM processes would have major consequences for the CNP Assurances Group (counterparty default, failure to book provisions for one or several exposures, asset/liability mismatches, etc.). In a period of rising interest rates, this risk is correlated with financial market risks (section 5.1). Rising interest rates have a severe adverse effect on the value of asset portfolios held by insurance undertakings to cover their liabilities towards policyholders.

Deployment of a coherent investment management framework governed by strict regulations and structured operational processes reduces the risk of such failures occurring.

The control environment at CNP Assurances Group is based on a comprehensive risk management system comprising:

- an investment policy that is revised annually and sets clear asset selection standards;
- numerous committees tasked with overseeing application of these standards (Monitoring Committees, Oversight Committees, New Product Committee, Investment Committees, ALM Committees, Strategic Asset Allocation Committees, and the Group Risk Committee which receives and reviews reports on the other committees' work);
- an Audit Committee-approved investment programme and systematic hedging programme;
- a Risk Appetite Framework for CNP Assurances covering investment and ALM risks that is revised annually;
- formally described operational processes (allocation structuring, investment selection, optimised management of buy and sell orders and related compliance procedures, transaction follow-up and monitoring, investment inventories, etc.);
- structured asset allocation approaches, based on an investment framework defined by the guidelines issued by the committees and the Compliance department (e.g. list of authorised countries and investments);
- follow-up and monitoring of investment risks and related compliance risks (surveillance of risks related to securities investments, including exposure limit controls, detection of growing and/or emerging asset risks, monitoring of exposure indicators by the Investment Risk units in the Group Risk Department, etc.).

In light of (i) the growing international presence of the Group, (ii) tighter European ESG and sustainability disclosure and reporting regulations (SFDR and CSRD), (iii) the complexity of monitoring compliance with investment exposure limits and (iv) the need to strengthen ALM control procedures (controls and evidencing of asset-liability mismatch analyses in an environment shaped by the transition to IFRS 9 and IFRS 17), this risk is considered as **Major** for the CNP Assurances Group.

5.5 Strategic risk factors

Partnership risk

This risk is defined as the risk of a loss of revenue from a partnership (for example, due to termination or refocusing of the partnership), including the risk of the partnership being renewed on unfavourable terms or of opportunities being lost due to competition between banking networks, and the risk of a partnership adversely affecting the results of the CNP Assurances Group 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 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 the CNP Assurances Group can sometimes take longer, be more difficult and require bigger teams of employees and managers than originally expected, and this may negatively affect the Group's consolidated earnings. The constantly evolving nature of the business means that there is always some uncertainty about the future financial performance of acquirees or partners compared 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, with an adverse effect on the CNP Assurances Group's financial position.

It may be necessary to rethink a partnership in the event of changes to the project itself, the local political and economic situation, the partner's own financial situation, or because of a disagreement between partners. The bancassurance business model relies on the continued implementation of 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 CNP Assurances Group's risk management and monitoring systems. This ensures that its 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.

In light of the critical nature of partnership risk and the ECB's supervisory requirements, a new system was set up in 2022, providing for an exhaustive and consolidated inventory of distribution agreements, a methodology for qualifying the risks associated with these agreements, and management and governance processes adapted to the level of risk.

In 2023, around 76% of the Group's premium income (on an IFRS basis) was generated through its five main distribution partners (La Banque Postale for 27%, BPCE for 16%, Caixa Econômica Federal for 18%, CNP UniCredit for 8% and CNP Vita Assicura for 8%).

During the year, CNP Assurances pursued its development and growth strategy, in its international markets and in France, with:

- the creation of CNP Assurances Holding to lead the development of an integrated full service bancassurer with operations in France and in international markets. CNP Assurances Holding, which is wholly-owned by La Banque Postale, is the umbrella company for the combined non-life and life insurance businesses of La Banque Postale and CNP Assurances;
- integration of La Banque Postale's: Health, Personal Risk, Property & Casualty and Advisory businesses. The property & casualty subsidiary, CNP Assurances IARD, designs, markets and manages property & casualty offerings for individual customers. It enjoys full operational autonomy across the entire value chain. Its offerings cover motor, comprehensive home-owner, legal protection, personal accident, mobile device protection, household appliance extended warranty and payment media insurance, plus cyber risk insurance for businesses launched in 2023;
- development of the business in Brazil. In 2023, the acquisition of CNP Cap was completed, the CNP Seguradora brand was launched for products distributed by local partners, and a 10-year contract was won for the exclusive distribution of CNP Seguradora brand products in Brazil's post office network (Correios) network;
- acquisition in Italy, in October 2022, by CNP Assurances of the 49% interest held by its local partner, UniCredit, in CNP Vita Assicura S.p.a. (formerly Aviva S.p.a.), to become this company's sole shareholder. This transaction was a milestone in the ongoing development of CNP Assurances' presence in Italy, which combines open model distribution with a bancassurance partnership. The Italian subsidiaries have delivered strong performances;
- approval by France's insurance supervisor, ACPR, of the merger of MFPrévoyance into CNP Assurances and absorption of its insurance book, effective 31 December 2023;
- merger of CNP Vita Assicurazione into CNP Vita Assicura, effective 31 December 2023;
- implementation of the CSR commitments of CNP Assurances and its subsidiaries based on four pillars: be a responsible insurer; be an attractive employer, have a positive impact on society, have a positive environmental impact. In 2023, CNP Assurances moved into a new high energy performance headquarters building in Issy-les-Moulineaux. For several years now, CNP Assurances has been committed to deploying responsible measures, both internally and with stakeholders.

The CNP Assurances Group's business model depends to a considerable extent on the continuation of its existing partnerships and ability to establish new ones. Its exposure to partnership risk is therefore rated as **Critical**.

Reputational risk

This is the risk of customers, counterparties, shareholders, investors or regulators having a negative perception of the CNP Assurances Group that would adversely affect its ability to pursue or initiate business relationships and access sources of finance.

This risk increased in 2023, primarily due to the growing influence of social media, combined with the CNP Assurances brand's higher profile, particularly in Brazil, and publicly announced commitments based on the corporate mission statement (heightened greenwashing risk). At the same time, however, the corporate mission statement also acted as a risk mitigation factor. Reputational risk also includes the potential impact on the image of the CNP Assurances Group of failure to comply with certain contractual clauses, regarding for example claims processing and settlement times.

Reputational risk is managed through a monitoring system, crisis management plans and remedial action plans. CNP Assurances Group monitors in real time all mentions of its names across all media including press, radio and television, visual media, forums, blogs and social networks. It is committed to improving its non-financial indicators on the themes of customers, investors, partners, employees, society and the planet, based on the key performance indicators (KPIs) defined in the corporate mission statement. In addition to real-time alerts that enable even the weakest signals to be detected, 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 to coordinate monitoring activities and mass media presence has been set up at head office level with the French and international subsidiaries.

With an ESG score of 74/100, La Banque Postale (LBP) has maintained its position as the world's highest rated bank by Moody's ESG Solutions. As a subsidiary of LBP, CNP Assurances benefits from its parent company's reputation in this area.

All told, this risk is considered as **Major** for the CNP Assurances Group.

Investee and contagion risk

Investee risk is the risk of having to recapitalise an investee company during the year if it runs into financial difficulties. Contagion risk is the risk of the financial difficulties experienced by some subsidiaries having a negative impact on the overall financial stability of the CNP Assurances Group.

If a subsidiary ran into financial difficulties, CNP Assurances could be called upon to provide an injection of capital. These difficulties could result from a deterioration of the subsidiary's capital ratios as a result of a major operational incident, cash flow problems, operational difficulties or other factors adversely affecting the subsidiary's financial stability.

Contagion risk would arise if local financial difficulties spread to CNP Assurances Group as a whole. At the level of CNP Assurances, the risk could result from financial difficulties experienced by one or more subsidiaries that are sufficiently serious to threaten the overall financial stability of CNP Assurances, or that of the shareholder, if the shareholder's financial stability is affected by the resources absorbed by its own financial difficulties.

The risk management system and the ORSA exercises provide regular information about the subsidiaries' capital ratios and early warnings of any future recapitalisation needs.

All told, this risk is considered as **Major** for the CNP Assurances Group.

Regulatory risk

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 the company's information systems.

The introduction of new regulations in Europe or the other host countries could prove both complex and costly for the CNP Assurances Group. Many different activities may be concerned by the change, information systems may have to be adapted and significant costs may have to be incurred for staff training and on-the-job learning to ensure compliance with the new regulatory framework.

In recent years, for example, the CNP Assurances Group has had to implement major projects to comply with the 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 the financing of terrorism (AML-CFT).

In addition, new regulations may be adopted that affect the CNP Assurances Group's business model. For example, application of IFRS 17, which came into effect in 2023, and IFRS 9 could affect the presentation of quarterly business indicators and lead to a change in the investment strategies of the CNP Assurances Group. The European DORA regulation on digital operational resilience could affect the strategy for managing IT services outsourcing risks, while France's Green Industry Act published on 23 October 2023 could lead to an operational risk by calling into question the contractual arrangements for the discretionary management of funds backing traditional and unit-linked savings contracts, and the Savings Protection Bill could lead to a risk of higher surrender rates. Similarly, application of the new Insurance Capital Standards could generate fairly significant operational costs for the CNP Assurances Group, and the revision of Solvency II could have the effect of reducing its SCR coverage ratios.

Changes in European and French regulations covering insurance products and aimed at protecting consumers may have a significant impact on the business in France and in other European countries. Examples include calls by France's banking and insurance supervisor, the ACPR, for greater transparency concerning the upfront fee and management fees charged on life insurance products, and various initiatives by EIOPA aimed at encouraging insurers to prevent and resolve possible conflicts of interest arising from the sale of credit insurance products.

At the product level, France's Lemoine law enacted in February 2022 introduced, among other things, a right to cancel term creditor insurance cover in the course of the year and abolished the requirement for a medical examination for loans of less than €200,000. CNP Assurances' products have been adapted to comply with these new regulatory requirements. At the same time, surrender risk monitoring processes have been strengthened and policyholder retention initiatives have been launched with the Group's partners. Considerable work was also required to adapt products to new regulations introducing a cap on fees for term creditor insurance products in Germany and Poland.

In France, civil servant welfare reforms and pension reforms are expected to have a material impact on the level of insurance liabilities associated with personal risk and pension contracts.

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 Executive Committee and communicated to La Banque Postale group's Risk Management department.

The CNP Assurances Group also actively monitor the issues discussed above, to ensure that regulatory changes are foreseen and applied on a timely basis.

Overall, this risk is therefore considered as **Major** for the CNP Assurances Group.

Country risk

Country risk is the risk of loss due to political, economic, legal or social factors in a host country, or to local regulations and controls.

The CNP Assurances Group has operations in many countries, in Europe and Latin America. The sustainability and development of its businesses depend in part on these countries' economic health and political stability.

More specifically, the financial viability of certain businesses may depend on local regulations and government commitments in the CNP Assurances Group's host countries, especially in cases where insurers are called on to advance funds on behalf of the State. Regulatory changes (for example, the statutory increases in life annuities introduced in 2017) or a government decision to renege on its commitments may lead to litigation, with a significant adverse effect on the Group's earnings if the courts rule against the CNP Assurances Group. This could be the case in Brazil, where Caixa Seguradora has advanced funds on behalf of the State under the local administered insurance system.

The CNP Assurances Group is bound by local regulations and is also subject to audits carried out by the competent local authorities. In Brazil, for example, any dividends paid to CNP Assurances must be approved by the Brazilian Central Bank, and brokerage activities carried out by Wiz Soluções e Corretagem de Seguros (a Group company in which CNP Seguros Holding Brasil S.A. holds a 25% minority stake), which is listed on BOVESPA (Brazil's São Paulo stock exchange), are supervised by the Brazilian Securities Commission (CVM), the equivalent of the AMF in France.

CNP Assurances has large subsidiaries in Brazil and Italy (accounting for 18% and 15% of the Group's consolidated premium income respectively in 2023). France remains CNP Assurances' largest market, accounting for over 63% of premium income in 2023.

The CNP Assurances Group monitors the Euler Hermes country risk ratings for its host countries, especially Italy (risk level: Medium) and Brazil (risk level: Sensitive).

Concerning international markets, CNP Assurances Group is not present in either Russia or Ukraine and its exposure to country risk is very low. CNP Santander had a moderate level of exposure to country risk due to its operations in Poland which borders on countries exposed to geopolitical tensions.

The CNP Assurances Group is not affected by the Israel/Palestine crisis, because it does not have any operations in the region.

Cyber risks are still viewed as the number one threat for the insurance industry and the finance sector as a whole. The Group keeps a constant watch over this threat and is continuously improving its risk management system.

The bulk of profits are generated by CNP Assurances and this risk is therefore still considered as **Major** for the Group.

5.6 Climate change risk factors

Financial risks associated with the effects of climate change to which the CNP Assurances Group is exposed can be analysed along three lines:

- investment business;
- insurance business;
- internal processes.

These risks may take several different 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 notably includes regulatory risk (linked to a change in government policies: ban or restrictions on certain activities, for example by imposing quotas; introducing carbon taxes, fines, environmental taxes or other new tax measures), technological risk (linked to 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.

The CNP Assurances Group set up a Climate Risk Committee in 2019 in response to the compelling need to reduce the current and future effects of climate change. In 2021, its remit was extended to include biodiversity risk. The 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 department, Risk department, Investment department, Technical and Innovation department, Actuarial department and General Secretariat. Since 2021, the Climate Risk Committee has also been responsible for monitoring the progress of subsidiaries' work on climate risk management.

In 2022, the Group Risk department brought the physical and transitional risks related to climate change into the risk mapping of the CNP Assurances Group and initiated a process consistent with the April 2021 EIOPA[1] opinion.

In 2023, other climate risks associated with investments were added to the risk map and assessed by a working group comprising specialists from the Investment Department, the Risk Department and the CSR Department. Climate change risk is also incorporated in risk management policies through the inclusion of sustainability risks in these policies, and in the Risk Appetite Statement in order to set limits on the CNP Assurances Group's exposure.

Physical risk

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

In 2023, the CNP Assurances Group updated its analysis of the physical risk exposure of its real estate portfolios, taking into account local physical risks and each building's characteristics. Adaptation plans for the most exposed assets will be drawn up as from 2024.

The CNP Assurances Group's business consists mainly of writing personal insurance and the risks associated with the effects of climate change primarily concern mortality and morbidity rates. In 2020, the Group volunteered to take part in the climate stress test exercise conducted by the ACPR and Banque de France, which covered different transition scenarios. For personal insurers like the CNP Assurances Group, 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 CNP Assurances 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 the CNP Assurances Group's 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, the CNP Assurances Group's exposure to mortality risk through its personal risk and term creditor insurance policies is partly offset by its exposure to longevity risk through its pension contracts.

When renewing its reinsurance coverage each year, the CNP Assurances Group 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.

The CNP Assurances Group's property and casualty business also generates exposure to natural perils in France, Brazil and Cyprus, some of which is ceded via reinsurance. Climate change is impacting the frequency and severity of climatic events in these zones, and consequently on the claims burden of the companies concerned and the reinsurance capacity offered by the market. In particular, the impact on the solvency of CNP Assurances IARD is tested as part of the ORSA using a specific climate risk scenario.

(1) European Insurance and Occupational Pensions Authority

Concerning internal operations, the CNP Assurances Group's 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 risks are managed by regularly updating contingency plans, in order to ensure that staff would be able to continue working following a climate event. Work was carried out in 2023 to measure the exposure and vulnerability of production resources to various climate risks in the coming decades as accurately as possible, based on different global warming scenarios (for example heatwaves and river flooding).

Transition risk

In 2015, the CNP Assurances Group 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. To get on track to meet this objective, in 2021 the CNP Assurances Group 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 portfolios (and the portfolio of infrastructure assets since 2022) by a further 25% between 2019 and 2024 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 assets being overlooked in its investment portfolio, in 2020, the CNP Assurances Group drew up a plan to banish from its portfolio all thermal coal sector investments in the European Union and OECD countries by 2030, and in the rest of the world by 2040. Alongside these commitments, in 2021 and 2022 policies were adopted that restrict investments in the oil and natural gas sectors.

The CNP Assurances Group's 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 (renovations of homes to meet mandatory minimum energy performance requirements, bans on the rental or sale of poorly insulated housing, no net land take etc.) could disrupt the property market and have an impact on the term creditor insurance, comprehensive home-owner insurance and home loan guarantee businesses;
- stricter environmental regulations (phasing out of internal combustion vehicles, more incentives/disincentives to encourage purchases of eco-friendly vehicles, more low–emission zones, etc.) could disrupt the automotive market and adversely affect the motor insurance business.

Concerning internal operations, the CNP Assurances Group is exposed to transition risk in the event of failure to control its main sources of greenhouse gas (GHG) emissions. Annual GHG emission audits are performed and an internal carbon price has been introduced to focus the Group's efforts on the most effective action in the areas of building management and business travel.

All told, the CNP Assurances Group's exposure to climate change risk is considered as **Major**.

Chapter

6

Information about the Taxonomy Regulation

6.1 Information about the Taxonomy Regulation

The Taxonomy Regulation – Regulation (EU) 2020/852 of 18 June 2020 – establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable. According to this regulation, the environmental objectives are:

- climate change adaptation;
- climate change mitigation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

An economic activity qualifies as environmentally sustainable or taxonomy-aligned if that activity:

- is taxonomy-eligible, i.e. mentioned in the delegated acts of the Taxonomy Regulation;
- contributes substantially to one or more of the environmental objectives;
- does not cause significant harm to any of the environmental objectives;
- is exercised in compliance with certain minimum safeguards;
- complies with the technical criteria.

In compliance with Article 8 of the Taxonomy Regulation, as supplemented by Delegated Regulations (EU) 2021/2178 of 6 July 2021 and (EU) 2022/1214 of 9 March 2022, Annex V of document C/2023/3851 of 27 June 2023, CNP Assurances and its subsidiaries discloses the manner and extent to which the Company's activities are associated with economic activities qualifying as environmentally sustainable. Included are the Taxonomy indicators concerning the CNP Assurances Group, which it publishes voluntarily. These indicators are listed below.

Indicators	Value at 31 December 2023: CNP Assurances Holding and its subsidiaries (voluntary information)
Taxonomy-related underwriting indicators	
Non-life gross premiums written	€2,181m
Taxonomy-eligible non-life gross premiums written	€29.5m
Taxonomy-aligned non-life gross premiums written	€16.9m
Taxonomy-eligible non-life gross premiums written as a % of total non-life gross premiums	1.4%
Taxonomy-aligned non-life gross premiums written as a % of total non-life gross premiums	0.8%
Taxonomy-related investment indicators	
Investments in Taxonomy-aligned economic activities (premium income basis)	€8.0bn
Investments in taxonomy-aligned economic activities (capital expenditure basis)	€11.6bn
Investments in Taxonomy-aligned economic activities (premium income basis) as a % of investments excluding sovereign bonds	2.9%
Investments in Taxonomy-aligned economic activities (capital expenditure basis) as a % of total investments excluding sovereign bonds	4.1%

6.2 A robust and agile business model

At the heart of the business model of CNP Assurances Group[1]

Our challenges and solutions

In an uncertain market environment
Diversify the business mix towards unit-linked contracts and risk coverage

In a mature European market
Find new growth drivers and new partnerships, particularly in international markets

In light of higher customer expectations
Facilitate all life paths by combining human and digital resources

Faced with the environmental emergency
Optimise the impact of our investments and offers on the climate and biodiversity

Our strengths

36 million personal risk /protection policyholders and **14 million savings/pensions policyholders** worldwide

The cutting-edge expertise of our 6,966 employees
in both insurance and investments

Long-term banking partnerships
with agreements in place until 2030, 2036 or even 2046

Diversified distribution partners

Strong positions
in France, Italy and Brazil

Our integration with La Banque Postale,
a driver of diversification and innovation

A robust financial position
supported by our membership of the French public financial hub

Strategy — **Secure our fundamentals, harness levers for growth**

(1) CNP Assurances Holding scope
(2) CNP Assurances SA France scope (Savings/Pensions)
(3) Paid by CNP Assurances SA

"As a responsible insurer and investor, driven by the community values of our Group, we work with our partners to create an inclusive and sustainable society, providing solutions to as many people as possible to protect and support them on their chosen paths."

OUR CORPORATE MISSION

Our business

A responsible insurer and investor

Pool the risks underwritten to make insurance accessible to as many people as possible

Increase the positive impacts and reduce the negative impacts of our investments and offerings to create an inclusive and sustainable society

Protect policyholders' premiums and savings over the long term

Guarantee risk coverage over the long term

Our value creation

Customers

- 93 cent increase in the return on its traditional life insurance contracts with an average rate of **2.52%**[2] in 2023

Partners

- **€4.1bn** in commissions paid[1]

Employees

- **€0.7bn** in wages paid[1]

Shareholder and investors

- **€1.9bn** in dividends[3] and **€0.2bn** in interest paid[1]

Society

- **€0.7bn** in corporate income tax paid[1]

Planet

- **€27.7bn** in green investments[1]

and diversification, and transform our model

Chapter

7

Internal control and risk management procedures

The Solvency and Financial Condition Report (SFCR) available on the CNP Assurances website, www.cnp.fr, includes a detailed description of the Group's governance (notably, section B3 – Risk management and section B5.1 – Internal control system). Section C of the SFCR presents the Group's risk profile and includes a description of the system for managing each material risk.

The additional information provided below concerns procedures for the preparation and processing of accounting and financial information.

7.1 Assessment of underwriting results

Determination of technical reserves is carried out by the Technical and Innovation department, whose activities include calculating the CNP Assurances Group's insurance indicators using different standards (French GAAP, IFRS and Solvency II). IFRS 17 changed the scope of technical reserves, which now consist of Best Estimate, Risk Adjustment and CSM.

Concerning preparation of the separate and consolidated financial statements and the CNP Assurances Group's financial communications, the Technical and Innovation department has specific responsibility for:

- calculating policyholder dividend rates for all individual policies and pension products in France;
- determining technical reserves in France;
- coordinating the subsidiaries' calculation of technical reserves;
- checking compliance with certain accounting principles applicable to the consolidated financial statements (including impairment tests on intangible insurance assets).

Internal controls have been established to provide assurance concerning:

- compliance with the Group's reporting deadlines for financial communication purposes;
- information consistency;
- updating of contractual and financial data underlying the reserve calculations;
- compliance of the work performed with current regulations and the CNP Assurances Group's accounting principles and policies.

The Technical and Innovation department also assesses the profitability and value of the insurance books, particularly for the purpose of intangible asset impairment tests and Value of In-Force business (VIB) calculations, as well as for development projects. The reason for this is that technical items in the financial statements include contractual customer relationships – corresponding to the value of the insurance books of acquired subsidiaries – and the related amortisation. At each year-end, predictive modelling techniques are used to estimate the value of these intangible assets in order to provide assurance that their carrying amount will be recovered through future profits and no impairment loss needs to be recorded.

7.2 Management of system and process upgrades

The application of IFRS 9 and IFRS 17 on 1 January 2023 involves major challenges in terms of complying with the new requirements and revising the accounts closing processes for French and international subsidiaries.

IFRS 9 – Financial Instruments has been applicable by most companies since 1 January 2018. Insurance undertakings have the option of deferring its application until the year when IFRS 17 – Insurance Contracts comes into effect. The CNP Assurances Group had chosen to take advantage of this deferred application option for the preparation of its consolidated financial statements.

However, IFRS 9 was applied by the main entities of the CNP Assurances Group since 2018 for the preparation of the consolidation package submitted to La Banque Postale. The application of IFRS 9 will be extended to all entities from 1 January 2023.

IFRS 17 – Insurance Liabilities came into force on 1 January 2023. The accounts closing process has been adjusted to reflect the new process for the production of accounting data. These adjustments are reflected in the system used by the CNP Assurances Group to manage the statutory and regulatory accounts closing processes.

7.3 Accounting and preparation of financial statements

Controls over the accounts closing process include:

- a documented **accounts closing process** and governance procedures based around planning meetings, regular meetings of the accounts closing committee (every week during the closing period) as well as coordination meetings between the Actuarial and Accounting departments during critical periods, and feedback meetings, for the purpose of organising the process, tracking progress and determining the action to be taken to deal with any problems or to optimise the process;
- **first-tier controls** performed by Accounting department teams responsible for the day-to-day recording of accounting transactions and for recording period-end accounting entries. These controls are supplemented by those performed by the teams that participate in the accounts closing process upstream from the Accounting department (Technical and Innovation department, Investment department).

  Additional controls are performed by the Reporting department's statutory reporting team and multi-standard cross-functional reporting team. These controls include analytical reviews of the balance sheet and income statement, as well as comparative analyses of period-on-period changes based on the different accounting standards. Profit analyses are performed for each product and actual profits are reconciled to the corresponding forecasts.

  For the preparation of the consolidated financial statements, in addition to the process described above, instructions are sent to the subsidiaries before each accounts closing, the consolidation packages are checked (controls performed by the Group Consolidation and Cross-functional Multi-standard Reporting department, including a combination of programmed controls in the consolidation application) and frequent exchanges take place between the accounting teams and local auditors;
- **second-tier controls** performed by the Group Risk department, mainly the Operational Risks and Permanent Control unit.

  Self-assessment exercises are organised annually by the department, covering both first- and second-tier controls. These accounting controls are tested using self-assessment procedures at least once a year by the Group Accounting department. Each self-assessment must be backed up by clear evidence that the control has been performed together with documented proof of the results of the control. Each self-assessment is reviewed by a validator, typically from the self-assessor's line management. The Group Accounting department's Internal Control unit performs independent quality reviews of a sample of self-assessments, selected based on qualitative and quantitative criteria. Furthermore, certain self-assessments are reviewed by the Group Risk department as part of the certification process.

  If the results of controls are unsatisfactory or there is room for improvement, action plans are prepared.

In 2023, the internal control process was adapted to reflect changes linked to IFRS 17, in conjunction with the new changes in accounting data production processes, by incorporating the new controls needed to secure the production of financial statements.

7.4 Identification of disclosure requirements

Two departments, each with its own specific skills, are involved in identifying information to be disclosed to the markets: the Group Finance department (comprising the Investor and Shareholder Relations department, the Group Accounting department, the Technical and Innovation department and the Budget Control department) and the Legal department. The operational ties forged with correspondents at the French securities regulator (*Autorité des Marchés Financiers*) also help to enhance the financial communication process on an ongoing basis.

Chapter

8

Ownership structure

At 31 December 2023

Number of shares: 400,025,632

Number of theoretical voting rights (gross): 400,025,632

Number of exercisable voting rights (net): 400,025,632

Shareholder	Number of shares	% share capital	% exercisable voting rights
La Banque Postale	400,025,632	100%	100%
TOTAL	**400,025,632**	**100.00%**	**100.00%**

On 11 April 2023, La Banque Postale transferred 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) as part of the combination of La Banque Postale and CNP Assurances' insurance businesses.

Chapter

9

Main CNP Assurances branches

Entity	Branch	Country	City
CNP Assurances SA	CNP Assurances Denmark branch	Denmark	Copenhagen
CNP Assurances SA	CNP Assurances Italy branch	Italy	Milan
CNP Assurances SA	CNP Assurances Spain branch	Spain	Madrid
CNP Assurances SA	CNP Assurances New Caledonia branch	France	Noumea
CNP Assurances SA	CNP Assurances Polynesia branch	France	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

Chapter 10

Others information

10.1 Statutory Auditors' report on the parent company financial statements

For the year ended 31 December 2023

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by the sole shareholder, we have audited the accompanying financial statements of CNP Assurances Holding for the year ended 31 December 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2023 to the date of our report.

Justification of our assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we hereby inform you that the most significant assessments that we made, in our professional opinion, concerned the appropriateness of the accounting policies applied, in particular, to the assessment of equity investments.

As indicated in Note 4.1.1 to the financial statements of CNP Assurances Holding: "Financial assets are measured at acquisition cost. An impairment loss provision is carried out where the carrying amount is lower than the book value. The carrying amount used is the value in use according to the adjusted net asset value approach, which is the method applied by the CNP Assurances Holding Group. If necessary, the valuation will be carried out by an external source, which may take into account more qualitative elements, and other alternative valuation methods may be implemented."

We have verified the justification given for the absence of impairment loss provisions in application of these rules.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we also performed the specific verifications required by French legal and regulatory provisions.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the other documents with respect to the financial position and the financial statements addressed to the sole shareholder.

We hereby confirm the fair presentation of the information concerning supplier payment terms referred to in Article D.441-6 of the French Commercial Code, as well as its consistency with the financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris La Défense, 22 March 2024

KPMG S.A.

Anthony Baillet — Partner

Pierre Planchon — Partner

Courbevoie, 22 March 2024

Mazars

Jean-Claude Pauly — Partner

Design and production:
Contact: fr_content_and_design@pwc.com
Photo credits: *Cover, and p. 3:* Getty/Westend61

Insuring
a more
open world