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2023 Management Report

CNP Assurances
and its subsidiaries

Contents

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CNP Assurances

Registered office:

4, promenade Cœur de Ville
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Société anonyme (joint-stock company with fully paid-up share capital of €686,618,477

Registered in the Nanterre Trade and Companies Register under no. 341 737 062

Company governed by the French Insurance Code (*Code des assurances*)

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CNP
assurances

Chapter

1

Significant events in 2023

This section presents selected highlights of the year that reflect the strategic advances of CNP Assurances and its subsidiaries 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, the final step before the merger of the two entities' activities[2]. 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. **Trevor Grace,** CFO of CNP Santander Insurance in Dublin, has replaced François Tritz as CEO.

In Italy, **Jean-Baptiste Nessi,** CFO of CNP Unicredit Vita, has become CNP Unicredit Vita's CEO, and **Marco Passafiume Alfieri** has joined CNP Assurances as CEO of the Italian subsidiaries, CNP Vita Assicura and CNP Vita Assicurazione[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 situations where unforeseen events lead to a loss or reduction in income (illness, hospitalization, job loss, loss of autonomy, etc.). Since 4 December 2023, Carrefour has been offering its customers four CNP Assurances insurance packages, via its specialized subsidiaries Carrefour Banque & Assurance and 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 the Group's Italian subsidiaries, 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 Business review of CNP Assurances and its subsidiaries

CNP Assurances and its subsidiaries' premium income[1] amounts to €34.5bn, decreased by 4.4% on a like-for-like basis[2].

PREMIUM INCOME BY COUNTRY

(In € millions)	2023	2022	% change (reported)	% change (like-for-like)
France*	**21,421**	**20,021**	**+7.0**	**+7.0**
Brazil	6,511	7,454	-12.7	-13.3
Italy	5,602	7,719	-27.4	-26.7
Germany	479	492	-2.7	-2.7
Cyprus	236	204	+15.9	+15.9
Spain	96	118**	-18.6	-10.6
Poland	63	73	-14.8	-14.8
Austria	27	25	+8.4	+8.4
Norway	27	23	+16.5	+16.5
Rest of Europe	26	25	+4.0	+14.4
Argentina	18	22	-15.9	+93.8
Denmark	12	12	-0.6	-0.6
Total International	**13,097**	**16,167**	**-19.0**	**+18.5**
TOTAL	**34,518**	**36,188**	**-4.6**	**-4.4**

* *Excluding branches*
** *Including branches*

PREMIUM INCOME BY SEGMENT

(In € millions)	2023	2022	% change (reported)	% change (like-for-like)
Savings	21,720	22,439	-3.2	-2.8
Pensions	6,149	7,072	-13.1	-13.5
Term Creditor Insurance	3,998	4,357	-8.2	-8.1
Personal Risk Insurance	1,847	1,657	+11.5	+12.2
Health Insurance	439	353	+24.1	+24.1
Property & Casualty	366	311	+17.7	+17.2
TOTAL	**34,518**	**36,188**	**-4.6**	**-3.0**

(1) Management KPI
(2) At constant scope and exchange rates

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
ASSUREURS – CAISSE DES DÉPÔTS RELANCE DURABLE FRANCE – LBPAM	90.91%	10.00%
CAPZA 6 PRIVATE DEBT, SCSp SICAV-RAIF	12.53%	2.00%
LBPAM TRANSITION ÉNERGETIQUE - COMPARTIMENT INFRASTRUCTURE TE	99.50%	0.00%
ORPÉA	5.56%	N/A
QUALIUM FUND III SLP	5.61%	0.00%
SCI LINASENS	9.04%	0.00%
SCOR EURO LOANS NATURAL CAPITAL	12.08%	0.00%
SCPI CRISTAL RENTE	5.58%	0.40%
SCPI EPARGNE FONCIERE	10.15%	9.81%
SCPI LF GRAND PARIS PATRIMOINE	11.31%	3.61%
SIENNA RENDEMENT AVENIR IV	7.50%	0.00%
TiLT CAPITAL FUND 1	10.00%	0.00%

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

	Geographical area						
(In € millions)	France	Latin America	Europe excl. France	Own-funds portfolios	Total 2023	2022 total	% change
Insurance service result	2,114	948	305		3,367	2,876	+17.1%
Revenue from own funds portfolios				372	372	(277)	+234.4%
Other revenues					10	(39)	+125.2%
Total revenue					**3,749**	**2,560**	**+46.4%**
Finance costs					(215)	(156)	+37.7%
Non-attributable administrative costs					(434)	(415)	+4.7%
Amortisation of intangible assets recognised on business combinations					(199)	(156)	+27.3%
EBIT					**2,901**	**1,833**	**+58.2%**
Share of profit of equity-accounted companies					24	28	-15.3%
Non-controlling interests					(327)	(291)	+12.2%
Income tax expense					(881)	(403)	+118.7%
Profit from discontinued operations, after tax					0	3	-100%
Non-recurring items					0	0	N/A
ATTRIBUTABLE NET PROFIT					**1,717**	**1,171**	**+46.6%**

EBIT is a key performance indicator used by CNP Assurances and its subsidiaries, because it is not affected by the impact of changing conditions on the financial markets or non-recurring items.

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 of CNP Assurances and its subsidiaries amounted to **€34.5bn** (see "Business review").

The insurance service result was €3.4bn, up 17% from 2022. This amount breaks down as €1.8bn for the Savings and Pensions business and €1.6bn for the Personal Risk/Protection/Property and Casualty business.

- **In France,** the insurance service result came to **€2.1bn**, an increase of €0.5bn which reflected sharply improved experience effects in the Personal Risk/Protection segment for €514m. This in turn was attributable to the improved claims experience (especially for death claims), provision releases linked to the pension reform, and lower commission payments (compared to the amounts projected in the model) due to higher valuation rates of interest.
- **In Latin America,** the insurance service result came to **€948m**, down €29m. The expected insurance service result on in-force business rose by €32m due to growth in the CSM at CVP, and the more favourable currency and market effects in 2023 had a positive impact of €47m. These gains were partly offset by €63m in negative experience effects (lower liquidation surpluses), higher-than-expected costs for the separation of the Brazilian entities and the €29m effect of a fall in new business.
- **In Europe excluding France,** the insurance service result rose by €32m to **€305m**. Favourable market effects had a positive impact of €98m. However, the expected insurance service result on in-force business contracted by €33m, due to the decline in the CSM at CVA and the €9m decrease in new business.

Revenue from own-funds portfolios amounted to **€0.4bn** (up 234%), with return in all three geographical regions boosted by favourable market effects vs 2022.

Administrative costs came to **€1.1bn**, an increase of €53m (up 5% at constant exchange rates and up 6% like-for-like(1)) that was due to inflation-driven increases in payroll costs in all geographical regions and the cost of strategic transformation projects.

EBIT was €2.9bn (up €1.1bn vs end-2022).

Non-controlling interests amounted to **€327m**, a rise of €36m compared to 2022 that reflected non-controlling interests in the increased contributions to consolidated EBIT of the Brazilian subsidiaries and CUV.

Income tax expense excluding non-controlling interests stood at €881m, an increase of €478m vs 2022 that reflected growth in taxable profits across all geographical areas.

Attributable net profit came in at **€1,717m,** with France contributing €1,332m, Latin America €267m and Europe excluding France €118m.

Consolidated balance sheet at 31 December 2023

Total assets amounted to €436.4bn at 31 December 2023, up 2.7% vs €424.6bn based on the IFRS 17 comparative balance sheet at 31 December 2022.

Equity

Equity attributable to owners of the parent stood at €19,112.3m, up €349.2m vs IFRS 17 comparative equity at 31 December 2022. The net increase mainly reflected the inclusion of profit for the year (€1,717.0m positive impact), fair value adjustments and capital gains and losses recognised directly in equity (€582.7m positive impact), payment of the 2022 dividend (€1,949.3m negative impact) and translation adjustments (€76.9m positive impact).

Equity includes €1,881.3m in deeply-subordinated debt.

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

Insurance and reinsurance contract liabilities

Insurance and reinsurance contract liabilities totalled €377.8bn, up €13.8bn (3.7%) vs the IFRS 17 comparative amounts at 31 December 2022.

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

The CSM of CNP Assurances and its subsidiaries was €1.7bn higher (up 10%) at €19bn.

In France(2)**,** CSM increased by €1.5bn, led by:

- the contribution of new business (positive impact of €905m, breaking down between the significant flow of Savings/Pensions new money generated by the LBP network for €727m, and increased term creditor insurance volumes for €178m);
- the good performance of the markets (€1bn positive impact) and the impact of lower volatility on the Savings/Pensions business;
- the increase in accreted interest on in-force business (positive impact of €959m).

This increase was partly offset by the €363m in negative experience effects, notably at CVA, linked to the growth in surrenders and automatically by the slackening of the expected result for the year.

In Latin America, CSM was up by €0.3bn, reflecting:

- the contribution of new business written by CVP (positive impact of €0.5bn);
- growth in accreted interest on in-force business, due to an increase in technical provisions linked to positive net inflows of new money and higher policyholder returns.

Growth in the CSM was eroded by the €30m negative net impact of experience effects, which in turn were affected by the negative effect of lower market interest rates (with the SELIC cut to 11.75% from 13.75% at 31 December 2022).

(1) The change of scope concerned Filassistance International (€9m positive impact)
(2) Including the subsidiary and branches in Luxembourg

In Europe excluding France, the CSM contracted by €96m, primarily explained by:

- negative experience effects of €356m, mainly at CVA, due to increased surrenders (with the surrender rate rising to 18% in 2023 from 6% the previous year);
- the offsetting impact of favourable market effects in Italy for €197m, attributable to lower interest rates (with the swap rate down 70bps and the BTP 10-year Italian government bond rate down 90bps) and the appreciation of unit-linked asset portfolios.

Insurance investments

The insurance investments of CNP Assurances and its subsidiaries amounted to €410.6bn 31 December 2023, an increase of €13.8bn vs €396.8bn in the IFRS 17 comparative balance sheet at 31 December 2022.

Most investments are measured at fair value, except for certain debt instruments and property assets not held to cover linked liabilities, which are measured using the cost model.

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 €6,769.0m at 31 December 2023, vs €6,508.1m in the IFRS 17 comparative balance sheet at 31 December 2022.

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

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

SCR coverage ratio

The SCR coverage ratio of CNP Assurances and its subsidiaries rose by 20 pts vs end-2022 to 250%, supported primarily by the favourable market effect. The increase reflected:

- the inclusion of profit for the year, net of expected dividends (**+5 pts**);
- favourable market effects (**+28 pts**);
- changes in subordinated debt (**+3 pts**);
- a favourable change in asset allocation (**+ 3pts)**;
- utilisation of the policyholders' surplus reserve (**-4 pts**);
- payment of an exceptional dividend (**-15 pts**);
- other items, including model changes and buyout of Groupama's quota share of the Préfon Retraite reinsurance treaty (**+1 pt**).

Surplus own funds increased the SCR coverage ratio by **65 pts** at 31 December 2023.

3.2 Financial statements of the Company (French GAAP)

Premium income

(In € millions)	31.12.2023	31.12.2022	% change	31.12.2021
Individual insurance premiums	16,323	14,682	+11.18%	15,757
Group insurance premiums	3,888	3,888	0.00%	4,498
TOTAL	**20,211**	**18,570**	**+8.84%**	**20,255**

Premium income rose by 8.84% in 2023.

GROUP INSURANCE PREMIUMS BY BUSINESS SEGMENT

(In € millions)	31.12.2023	31.12.2022	% change	31.12.2021
Death benefit	2,377	2,378	-0.04%	2,409
Bodily injury	1,494	1,456	+2.62%	1,453
Pensions	17	54	-68.34%	636
TOTAL	**3,888**	**3,888**	**0.00%**	**4,498**

Policyholder participation

Policyholder participation in 2023 amounted to €5,761m vs €4,322m the previous year. Changes in policyholder participation are presented in Note 6.7 to the parent company financial statements.

Profit for the year

The net profit of CNP Assurances SA rose by 37.9% to €1,668.0m in 2023, from €1,209.6m in 2022.

	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Share capital *(in € thousands)*	686,618	686,618	686,618	686,618	686,618
Number of ordinary shares outstanding	686,618,477	686,618,477	686,618,477	686,618,477	686,618,477
RESULTS OF OPERATIONS *(in € thousands)*					
Premium income, excluding tax	20,211,212	18,569,655	20,254,831	16,321,686	23,106,312
Earnings before tax, depreciation, amortisation and provisions (EBTDA)	1,970,233	1,444,220	1,587,904	1,381,950	1,737,577
Income tax expense	302,202	234,625	396,532	252,063	394,189
Net profit	1,668,032	1,209,595	1,191,373	1,129,887	1,343,388
PER-SHARE DATA *(in €)*					
Earnings before tax, depreciation, amortisation and provisions (EBTDA)	2.87	2.10	2.31	2.01	2.53
Net profit	2.43	1.76	1.74	1.65	1.96
Dividend per share*	4.30	1.38	1.00	1.57	0.00
EMPLOYEE INFORMATION					
Average number of employees during the year	3,268	3,168	3,171	2,730	2,764
Total payroll and benefits *(in € thousands)*	356,241	291,779	344,116	267,627	282,524

* *Dividend to be recommended at the Annual General Meeting of 23 April 2024*

Equity

Equity at 31 December 2023 amounted to €14,096.6m vs €14,458.8m at the previous year-end.

The year-on-year change primarily reflects inclusion of 2023 profit (€1,668.0m positive impact), changes in the capitalisation reserve (€81.5m negative impact), the transfer for the year to the policyholder guarantee fund (€0.2m positive impact), appropriation of 2022 profit (€1,548.9m negative impact) and payment of an interim dividend for 2023 (€400m negative 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 SA'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 €469,132,238 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	71	28	13	20	132
Total value excluding VAT of the invoices concerned	1,145,479	174,471	11,396	(66,909)	1,264,437
Percentage of total purchases excluding VAT for the year	0.244%	0.037%	0.002%	-0.014%	0.270%

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.

Amounts in this table are stated net of credit notes for a total (excluding VAT) of €319,547, breaking down as follows:

- 1 to 30 days: €(12,412)
- 31 to 60 days: €(88,925)
- 61 to 90 days: €(48,106)
- 91 days and more: €(170,104)

Invoices issued 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 revenue (reinvoiced costs) excluding VAT for the year, corresponding to a total of €67,333,338 worth of customer 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	4	4
Total value excluding VAT of the invoices concerned	0	0	0	167,755	167,755
Percentage of total revenues (reinvoiced costs) excluding VAT for the year	0%	0%	0%	0.249%	0.249%

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.

Summary of investments

At 31 December 2023 *(in € thousands)*	Gross amount	Net amount	Realisable value
INVESTMENTS			
1. Property investments and property in progress	13,558,969	12,919,728	16,055,536
2. Equities and other variable-income securities, other than mutual fund units	36,334,499	34,950,897	43,296,768
Forward financial instruments: yield strategy	778,238	573,318	1,010,895
3. Mutual fund units (other than those in 4)	21,581,593	21,369,575	27,261,758
4. Mutual fund units invested exclusively in fixed-income securities	20,739,880	20,740,792	21,204,523
5. Bonds and other fixed-income securities	187,414,142	189,002,346	172,518,916
Forward financial instruments: yield strategy	426,819	203,143	(43,304)
6. Mortgage loans	0	0	0
7. Other loans	0	0	0
8. Deposits with ceding insurers	541,875	541,875	541,875
9. Cash deposits and guarantees and other investments (other than those in 8)	298,886	298,886	298,886
10. Assets backing unit-linked contracts	51,625,607	51,625,607	51,625,607
11. Other forward financial instruments	0	0	0
TOTAL	**333,300,508**	**332,226,166**	**333,771,460**

The share of investments held to back the Company's commitments towards insureds and policy beneficiaries that would be transferred if the underlying policies were to be transferred amounted to €289,479,967 thousand, representing 86.73% of total insurance investments.

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[1] in this segment at constant exchange rates. Term creditor insurance premiums totalled €364m, up 11% at constant exchange rates.

The **insurance service result** totalled €614m, an increase of €34m (6%) at constant exchange rates compared with 2022. Growth was mainly driven by expected releases from the CSM and RA (€91m positive impact), partly offset by lower new business volumes in Pensions (€30m negative impact) and the decline in the insurance financial margin (€34m negative impact).

Revenue from own-funds portfolios totalled €99m, representing a favourable swing of €130m at constant exchange rates from the previous year's loss. CVP took advantage of the high Selic rates to rotate its investment portfolio and benefit from yields in excess of 10% on most of the assets.

EBIT came to €540m, an increase of €140m at constant exchange rates.

At €115m, CVP's contribution to **IFRS attributable net profit** was up €36m as reported, after deducting non-controlling interests of €172m and income tax expense of €252m. The currency effect in 2023 was not material, with the year-on-year increase at constant exchange rates only slightly lower at €35m.

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 €324m, representing a decline of €24m (7%) at current exchange rates vs 2022. The improved claims experience and higher net return 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 dipped €3m at constant exchange rates to €371m.

At €132m, CSH's contribution to **IFRS attributable net profit** was down €8m as reported, after deducting non-controlling interests of €101m, adding the €21m share of profits of equity-accounted companies, and deducting income tax expense of €158m. The currency effect in 2023 was not material, with the year-on-year decline at constant exchange rates only slightly higher at €9m.

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 with the good performance of traditional savings products featuring 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).

(1) *At constant exchange rates*

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 the insurance financial margin 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.

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: €686,618,477, divided into 686,618,477 shares with a par value of €1 each.

CNP Assurances SA was originally a public industrial and commercial institution with no share capital within the meaning of the French Act of 24 July 1966. It became an insurance company limited by shares on 9 December 1992. Its share capital has not changed since 28 May 2013, when shares were issued on reinvestment of 2012 dividends. Consequently, there were no changes in capital in any of the last three years.

See Section 8.1 Shareholder structure

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

Financing structure

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

CNP Assurances and its subsidiaries regularly adjust their capital structure 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;
- Note 8 to the Company financial statements – Disclosures related to subordinated debt.

Material investments and dedicated financing sources

The following information concerns material investments by CNP Assurances and its subsidiaries 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 28.8% at 31 December 2023 versus 28.7%[1] at the previous year-end.

3.4.3 Liquidity

Cash and cash equivalents amounted to €1,587.6 million at 31 December 2023 versus €1,123.1 million at end-2022[2]. 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.

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 to 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 and its subsidiaries' 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, the consolidated SCR coverage ratio of CNP Assurances and its subsidiaries was 250%. The excess of own funds eligible for inclusion in capital available to cover the SCR (€37.1 billion) over the SCR (€14.8 billion) represented a regulatory surplus of €22.2 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 consolidated MCR coverage ratio of CNP Assurances and its subsidiaries at 31 December 2023 was 402%. The excess of own funds eligible for inclusion in capital available to cover the consolidated MCR (€30.0 billion) over the consolidated MCR (€7.5 billion) represented a regulatory surplus of €22.5 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 2024).

(1) (30.8% as reported in 2022) Application of IFRS 17 had an impact on the equity used to calculate the ratio

(2) €17,028.5m as reported in 2022. "Ordinary" money market funds are no longer classified as cash equivalents in the statement of cash flows. Changes in these assets are now presented as cash flows from investing activities

Chapter

4

Growth and business outlook

A strategy to further our ambition

4.1 A strategy to further our ambition

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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries operate. The main risks to which CNP Assurances and its subsidiaries are 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 CNP Assurances and its subsidiaries 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 CNP Assurances and its subsidiaries 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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries 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 CNP Assurances and its subsidiaries' appetite for the risks that they are and may be exposed to in the course of their business, currently and in the coming year. The RAS also expresses the risk tolerance, i.e., the maximum level of risk that CNP Assurances and its subsidiaries are willing to assume. It is intended to cover all risks classified as major or critical at the level of CNP Assurances and its subsidiaries.

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 CNP Assurances and its subsidiaries' 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) of CNP Assurances and its subsidiaries represented a carrying amount (under IFRS) of approximately €235 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, CNP Assurances and its subsidiaries followed a policy of setting aside a portion of the investment income generated by their 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, CNP Assurances and its subsidiaries have 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 exposure of CNP Assurances and its subsidiaries to interest rate risk declined 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 50-bps decline in European interest rates would have resulted in a 4-point increase in CNP Assurances and its subsidiaries' consolidated SCR coverage ratio, which stood at 250% at 31 December 2023, while a 100-bps decline would have led to a 5-point increase.

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 CNP Assurances and its subsidiaries' portfolio diversification policy.

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

CNP Assurances and its subsidiaries are 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 13-point reduction in the consolidated SCR coverage ratio, which stood at 250% at 31 December 2023.

CNP Assurances and its subsidiaries have 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 CNP Assurances and its subsidiaries, 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 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 and its subsidiaries to real estate risk is considered as **Major.**

(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, CNP Assurances and its subsidiaries may be faced with an actual default or a debt restructuring and have to take a significant haircut on the securities in question.

CNP Assurances and its subsidiaries hold significant portfolios of French and other European government bonds and are 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 12-point reduction in CNP Assurances and its subsidiaries' consolidated SCR coverage ratio, which stood at 250% 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, CNP Assurances and its subsidiaries 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. Consequently, CNP Assurances and its subsidiaries are 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 and its subsidiaries' 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.

CNP Assurances and its subsidiaries have 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 CNP Assurances and its subsidiaries 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.

CNP Assurances and its subsidiaries have a high level of exposure to surrender risks. 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 CNP Assurances and its subsidiaries. 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.**

5.4 Operational risk factors

Outsourcing risk

CNP Assurances and its subsidiaries' 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 Outsourcing Management department of CNP Assurances and its subsidiaries:

- defines and implements the outsourcing policies of CNP Assurances and its subsidiaries;
- 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.

This risk is considered as **Major** for CNP Assurances and its subsidiaries.

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 CNP Assurances and its subsidiaries to compliance risks due to their 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 CNP Assurances and its subsidiaries. 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, CNP Assurances and its subsidiaries have 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, CNP Assurances and its subsidiaries' exposure to compliance risk is considered as **Major**.

Information system, data security and cyber risks

CNP Assurances and its subsidiaries' operational and sales activities are all reliant on their 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 CNP Assurances and its subsidiaries 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, CNP Assurances and its subsidiaries are 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.

CNP Assurances and its subsidiaries monitor 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 CNP Assurances and its subsidiaries remains a major source of concern. CNP Assurances and its subsidiaries have 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:

CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries.

Investment and asset/liability management (ALM) risks

CNP Assurances and its subsidiaries have 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 CNP Assurances and its subsidiaries (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 and its subsidiaries 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 CNP Assurances and its subsidiaries, (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 CNP Assurances and its subsidiaries.

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 CNP Assurances and its subsidiaries 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. For CNP Assurances and its subsidiaries, these partnerships represent a means of sharing the business and financial risk with the partners concerned. They may simply be commercial arrangements, such as a distribution agreement, or involve the investment of capital in a joint subsidiary.

Integrating these partnerships or joint subsidiaries into CNP Assurances and its subsidiaries can sometimes take longer, be more difficult and require bigger teams of employees and managers than originally expected, and this may negatively affect CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries' risk management and monitoring systems. This ensures that their performance is monitored and that the partnership is refocused if – and to the extent – necessary, with the participation of the distribution partner as appropriate. Other risk-mitigating actions include establishing a high-quality governance system when the partnership is set up, notably by appointing members of the entity's existing management to the new governance bodies, and including an earn-out clause in the partnership agreement to ensure that the partners have a shared interest in meeting the business plan objectives.

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, some 79% of CNP Assurances and its subsidiaries' premium income (on an IFRS basis) was generated through their five main distribution partners (La Banque Postale for 28%, BPCE for 16%, Caixa Econômica Federal for 19%, CNP UniCredit for 8% and CVA 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. 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.

CNP Assurances and its subsidiaries' business model depends to a considerable extent on the continuation of their existing partnerships and ability to establish new ones. Their 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 CNP Assurances and its subsidiaries that would adversely affect their 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 CNP Assurances and its subsidiaries 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 and its subsidiaries monitor in real time all mentions of their names across all media including press, radio and television, visual media, forums, blogs and social networks. They are committed to improving their 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 CNP Assurances and its subsidiaries.

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 CNP Assurances.

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 and its subsidiaries 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 CNP Assurances and its subsidiaries.

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, CNP Assurances and its subsidiaries have 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 business model of CNP Assurances and its subsidiaries. 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 CNP Assurances and its subsidiaries. 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 CNP Assurances and its subsidiaries, and the revision of Solvency II could have the effect of reducing their 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.

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

Overall, this risk is considered as **Major** for CNP Assurances and its subsidiaries.

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.

CNP Assurances and its subsidiaries have operations in many countries, in Europe and Latin America. The sustainability and development of their 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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries. This could be the case in Brazil, where Caixa Seguradora has advanced funds on behalf of the State under the local administered insurance system.

CNP Assurances and its subsidiaries are bound by local regulations and are 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 19% and 16% of consolidated premium income respectively in 2023). France remains CNP Assurances' largest market, accounting for over 62% of premium income in 2023.

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

Concerning international markets, CNP Assurances and its subsidiaries are not present in either Russia or Ukraine and their exposure to country risk has been 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.

CNP Assurances and its subsidiaries are not affected by the Israel/Palestine crisis, because they do 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. CNP Assurances and its subsidiaries keep a constant watch over this threat and are continuously improving their risk management system.

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

5.6 Climate change risk factors

Financial risks associated with the effects of climate change to which CNP Assurances and its subsidiaries are 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.

CNP Assurances and its subsidiaries 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 CNP Assurances and its subsidiaries 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 CNP Assurances and its subsidiaries' risk management policies through the inclusion of sustainability risks in these policies, and in the Risk Appetite Statement in order to set limits on CNP Assurances and its subsidiaries' 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. CNP Assurances and its subsidiaries' 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, CNP Assurances and its subsidiaries updated their analysis of the physical risk exposure of their 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.

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

When renewing their reinsurance coverage each year, CNP Assurances and its subsidiaries are 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.

Concerning internal operations, CNP Assurances and its subsidiaries' 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).

(1) *European Insurance and Occupational Pensions Authority*

Transition risk

In 2015, CNP Assurances and its subsidiaries demonstrated their support for the energy transition by adopting a low carbon strategy for their investment portfolios, and in 2019, they joined the Net-Zero Asset Owner Alliance and committed to ensuring that their investment portfolios are carbon neutral by 2050. To get on track to meet this objective, in 2021 CNP Assurances and its subsidiaries set ambitious new targets for 2025 in line with current scientific knowledge. They included reducing the carbon footprint (Scopes 1 and 2) of their 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 their directly held real estate portfolio by an additional 10% over the same period.

To limit the risk of assets being overlooked in their investment portfolio, in 2020, CNP Assurances and its subsidiaries drew up a plan to banish from their 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.

CNP Assurances and its subsidiaries' 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, CNP Assurances and its subsidiaries are exposed to transition risk in the event of failure to control their 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, CNP Assurances and its subsidiaries' exposure to climate change risk is considered as **Major**.

Chapter

6

Non-Financial Performance Statement

6.1 Non-Financial Performance Indicators

For over 170 years, CNP Assurances has worked day in day out with its partners to develop innovative comprehensive protection solutions that enable policyholders to move forward in life with full peace of mind. To address a variety of protection needs, CNP Assurances covers two complementary classes of insurance – Savings/Pensions and Personal Risk/Protection – and adopts a corporate social responsibility approach across all of its activities.

Major demographic, environmental and digital transformations, a source of ambitions, division and marginalisation in equal measure, are driving the emergence of new insurance needs. In this light, CNP Assurances seeks to contribute to an inclusive and sustainable society. Its corporate mission reflects this ambition, which was enshrined in its Articles of Association in April 2021 after gathering the expectations of its stakeholders:

"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."

This ambition takes the form of specific commitments and objectives, defined in close cooperation with the various Group entities responsible for implementing them in the short, medium and long term. These commitments and objectives, defined in line with the corporate mission, demonstrate CNP Assurances' focus on all its stakeholders.

Summary of CNP Assurances' objectives for the protection of biodiversity and the fight against climate change

CNP Assurances is committed to the fight against climate change through the following objectives:

- reduce the carbon footprint of its internal operations by 50% between 2019 and 2030 (scopes 1 and 2 location-based);
- achieve carbon neutrality in the investment portfolio by 2050[1];
- reduce the carbon footprint[2] (Scopes 1 and 2) of its directly held equity, corporate bond and infrastructure portfolio by an additional 25% between 2019 and 2024[1];
- reduce the carbon footprint[3] (scopes 1 and 2) of its directly held real estate portfolio by an additional 10% between 2019 and 2024[1];
- reduce the carbon intensity[4] (Scopes 1 and 2) of electricity producers in which CNP Assurances is a direct shareholder or bondholder by an additional 17% between 2019 and 2024[1];
- dialogue each year with eight companies (six directly and two via collaborative initiatives) and three asset managers to encourage them to adopt a strategy aligned with a 1.5°C scenario by the end of 2024[1];
- achieve zero direct exposure to thermal coal in its investment portfolio in the European Union and OECD countries by 2030, and the rest of the world by 2040;
- build a €30 billion green investment portfolio by the end of 2025[5];
- have the Group's decarbonisation pathway (Scopes 1, 2 and 3) validated by the Science Based Targets initiative (SBTi) by 2024.

(1) Net-Zero Asset Owner Alliance objective
(2) Expressed in kgeqCO_2 per thousand euros invested
(3) Expressed in kgeqCO_2 per sq.m.
(4) Expressed in kgeqCO_2 per MWh
(5) Green bonds issued by a government or a company, forests certified as being sustainably managed, buildings with an energy or environmental label, SFDR Article 9 funds that have an environmental sustainability objective, infrastructure and unlisted companies whose main activity is related to the environment. These green investments do not necessarily meet the technical criteria of the delegated acts of the Taxonomy Regulation

CNP Assurances is committed to protecting biodiversity through the following objectives:

- measure the biodiversity of 100% of directly held forestry assets by the end of 2025[1];
- devote 3% of directly held forests in France to areas of older growth and natural growth by the end of 2025;
- measure the biodiversity footprint of 100% of the directly held equity and corporate bond portfolio by the end of 2023, subject to the availability of data[1];
- engage in annual dialogue with five companies to encourage them to adopt a strategy aligned with international biodiversity agreements by the end of 2024[1];
- publish targets according to Finance for Biodiversity Pledge recommendations to increase positive and reduce negative impacts on biodiversity by the end of 2024[1];
- organise annual employee waste collection events as part of World Cleanup Day in the various countries where CNP Assurances and its subsidiaries operate.

(1) *Finance for Biodiversity Pledge objective*

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

6.3 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 discloses below the manner and extent to which the Company's activities are associated with economic activities qualifying as environmentally sustainable.

From financial year 2023, the Taxonomy Regulation requires insurers to report, in particular:

- the proportion of Taxonomy-aligned non-life gross premiums written;
- the proportion of investments in Taxonomy-aligned economic activities.

The reporting scope covers CNP Assurances and its subsidiaries.

CNP Assurances has made every effort to publish information required under the Taxonomy Regulation, based on current legislation and on exchanges with other insurance companies for a shared interpretation of the legislation. However, given the complexity of the Taxonomy Regulation, the information published by CNP Assurances will be further clarified in future sustainability reports.

6.3.1 The key performance indicators regarding underwriting

The key performance indicators (KPIs) regarding underwriting cover the environmental objective of climate change adaptation. They cover the scope of non-life insurance and are based on the following methodology:

- the European Commission's Notice of 6 October 2022 on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation specifies that insurers, in their Taxonomy-eligibility reporting, should take into account the eligible non-life insurance activities mentioned in 10.1 of Annex II of the delegated acts of the Taxonomy Regulation. As stated in the heading, in addition to belonging to a relevant activity, insurance premiums must, to be Taxonomy-eligible, cover the risks linked to climate-related hazards referred to in Appendix A of Annex II of the delegated acts of the Taxonomy Regulation;
- in accordance with the European Commission's communication of 21 December 2023, only the share of the premium directly covering the climate-related risks referred to in Appendix A of Annex II of the delegated acts of the Taxonomy Regulation are considered Taxonomy-eligible. In France, the proportion of eligible premiums corresponds to natural disasters, storms, hail and snow cover under auto and home insurance policies[1]. In Brazil, the proportion of eligible premiums corresponds to storm, hurricane, tornado, cyclone and hail cover under home and business insurance policies. In Cyprus, it has not been possible to isolate the share of eligible premiums at this stage;
- the eligible gross written premiums mentioned above that adhere to the technical criteria for substantial contribution to climate change adaptation, DNSH (do no significant harm) and minimum guarantees, are considered as aligned. For compliance with the minimum standards in social and governance matters, CNP Assurances and its subsidiaries adhere to these requirements by implementing appropriate procedures to identify, prevent, mitigate, or remedy the actual or potential negative impacts associated with their operations and value chain. In France, the proportion of aligned premiums corresponds to natural disasters cover for motor and home insurance policies. In Brazil, the proportion of aligned premiums is zero.

(1) *CNP Assurances IARD non-life insurance premiums in France are excluded from the following tables (CNP Assurance SA and its subsidiaries).*

The following table shows the regulatory indicators relating to underwriting for CNP Assurances and its subsidiaries at 31 December 2023:

	Substantial contribution to climate change adaptation			DNSH (Do no significant harm)					
Economic activities	Premiums in absolute terms in 2023	Proportion of premiums in 2023	Proportion of premiums in 2022	Climate change mitigation(1)	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities	**€0m**	**0%**	**n/a**	**Yes**					**Yes**
A.1.1 of which reinsured	€0m	0%	n/a	Yes					Yes
A.1.2 of which from reinsurance activities	€0m	0%	n/a	Yes					Yes
A.1.2.1 of which reinsured (retrocession)	€0m	0%	n/a	Yes					Yes
A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not Taxonomy-aligned activities	**€0.3m**	**0%**	**n/a**						
B. Non-life insurance and reinsurance underwriting Taxonomy non-eligible activities	**€1,527m**	**100%**	**n/a**						
TOTAL INSURANCE AND REINSURANCE UNDERWRITING ACTIVITIES NON-LIFE (A.1 + A.2 + B)	**€1,527M**	**100%**	**100%**						

(1) *The insurance business does not cover the extraction, storage, transportation or processing of fossil fuels, nor does it cover the use of vehicles, real estate or other assets for such purposes*

For CNP Assurances and its subsidiaries:

- the proportion of Taxonomy-eligible non-life gross premiums written was 0% in 2023. Only the Brazilian subsidiaries have Taxonomy-eligible premiums:
- the proportion of Taxonomy-aligned non-life gross premiums written was 0% in 2023.

6.3.2 Key financial performance indicators regarding investments

Key performance indicators (KPIs) regarding investments cover the environmental objectives of climate change adaptation and mitigation. To date, CNP Assurances does not currently have any information published by the companies on the eligibility and/or alignment of their activities with the four other environmental objectives and therefore considers them to be nil at the end of 2023.

The indicators concern the non unit-linked and unit-linked assets and are based on the following methodology:

- investments (excluding sovereign bonds) correspond to insurance investments net of derivative liabilities and cash as presented in the CNP Assurances Group's IFRS consolidated balance sheet, to which are added unrealised gains on investment property and securities classified as held-to-maturity (HTM), while deducting investments in sovereign entities.
- sovereign bonds, including green and sustainable bonds, are not considered Taxonomy-eligible;
- the list of companies required or not required to report non-financial information is provided by data provider ISS ESG on the basis of company characteristics (European, listed, public interest, number of employees, revenue, balance sheet);
- for simplification purposes, companies owned by the CNP Assurances group via unlisted vehicles (infrastructures and private equity) are assumed not to be required to report non-financial information and are presumed to have no eligible or aligned activities. They are classified under other assets.

In accordance with Article 8(4) of Delegated Regulation (EU) 2021/2178 of 6 July 2021, investment indicators for Taxonomy-eligible and aligned economic activities should be based on the most recent information published by counterparties.

The regulatory reporting provided below is based on the following principles:

- the key performance indicator (KPI) corresponds to the ratio of investments intended to finance or associated with economic activities aligned with the Taxonomy to outstanding investments, excluding sovereign bonds.
- the indicators are published in two ways in accordance with the Delegated Regulation (EU) 2021/2178 of 6 July 2021:
  - by weighting the amounts invested in equities and corporate bonds by the percentage of their premium income derived from Taxonomy-aligned economic activities (premium income basis),
  - by weighting the amounts invested in equities and corporate bonds by the percentage of their capital expenditure relating to Taxonomy-aligned economic activities (capital expenditure basis);
- equities and bonds, held directly or through funds, of non-financial companies:
  - required to report non-financial information are considered Taxonomy-eligible and/or aligned, in a proportion representing the percentage of their premium income or capital expenditure corresponding to Taxonomy-eligible and/or economic activities. These percentages are reported by the companies concerned by type of environmental objective (climate change mitigation and adaptation) and collected by data provider ISS ESG. They do not entail the use of estimates,
  - to date, CNP Assurances does not currently have any information published by the non-financial companies on the eligibility and/or alignment of their activities with the four other environmental objectives and therefore considers them to be nil at the end of 2023,
  - equities and bonds, held directly or through funds, of companies required to report non-financial information are considered Taxonomy-non-eligible, in a proportion representing the percentage of their revenue or capital expenditure corresponding to Taxonomy-non-eligible economic activities. These percentages are reported by the companies and collected by data provider ISS ESG and do not entail the use of estimates,
  - equities and bonds, held directly or through funds, of companies required to report non-financial information are considered Taxonomy-eligible, in a proportion representing the percentage of their premium income or capital expenditure corresponding to Taxonomy-eligible economic activities. These percentages are reported by the companies and collected by data provider ISS ESG and do not entail the use of estimates,
  - given the limited information on the Taxonomy Regulation published by financial companies, green or sustainable corporate bonds are not treated differently from other corporate bonds;
- for shares and bonds issued by financial companies:
  - to date, CNP Assurances does not currently have any information published by the financial companies on the eligibility and/or alignment of their activities with the six environmental objectives and therefore considers them to be nil at the end of 2023,
  - the eligibility indicators for financial undertakings other than insurance or reinsurance undertakings (such as credit institutions, asset managers and investment firms) result from the calculation of their KPIs in accordance with Annexes III, IV, V, VI, VII and VIII,
  - to date, CNP Assurances has not published any information from insurance or reinsurance companies regarding the proportion of their investments, except for those held under life insurance contracts where the investment risk is borne by policyholders (excluding unit-linked investments). These investments are intended to finance Taxonomy-eligible and Taxonomy-non-eligible economic activities. As a result, CNP Assurances considers the non-eligible investments of these companies to be nil at the end of 2023,
  - given the limited information on the Taxonomy Regulation published by financial companies, green or sustainable corporate bonds are not treated differently from other corporate bonds;
- for real estate:
  - are considered Taxonomy-eligible: real estate held by CNP Assurances and its French subsidiaries for operational or investment purposes, as economic activities mentioned in Annexe I-1 and Annex II-7 of the delegated acts of the Taxonomy Regulation,
  - are considered Taxonomy-aligned: real estate held by CNP Assurances and its French subsidiaries for operational or investment purposes, which meet the energy performance criteria outlined in the Taxonomy Regulations, are considered aligned with the climate change mitigation Taxonomy,
  - are considered Taxonomy-eligible but not aligned: real estate held by CNP Assurances SA and its French subsidiaries for operational or investment purposes, that do not meet the energy performance criteria outlined in the Taxonomy Regulations;
- The forests:
  - are considered Taxonomy-eligible: forests held by the CNP Assurances Group and its French subsidiaries for operational or investment purposes, as economic activities mentioned in Annexe I-1 and Annex II-7 of the delegated acts of the Taxonomy Regulation,
  - are considered Taxonomy-aligned: forests held by the CNP Assurances Group and its French subsidiaries for operational or investment purposes, for which additional carbon sequestration has been increased through measures such as lengthening production cycles or conserving ageing islands or naturally evolving areas,
  - are considered Taxonomy-eligible but not aligned: forests held by the CNP Assurances Group and its French subsidiaries for operational or investment purposes, for which additional carbon sequestration has not yet been demonstrated by actions planned for the next two years.

The following table shows the regulatory indicators relating to underwriting for CNP Assurances and its subsidiaries at 31 December 2023:

The weighted average value of all the investments that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below: • premium income based: 2.9% • based on capital expenditure: 4.2%	The weighted average value of all the investments that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below: • premium income based: €7,947m • based on capital expenditure: €11,484m
The percentage of assets covered by the KPI relative to total investments (total AuM), excluding investments in sovereign entities: 67%	The monetary value of assets covered by the KPI, excluding investments in sovereign entities: €276,099m(1)
ADDITIONAL INFORMATION: BREAKDOWN OF THE KPI DENOMINATOR	
Derivatives as a percentage of total assets covered by KPI: 0.3%	Monetary value of derivatives: €862m
The proportion of exposures to EU financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: • for non-financial companies: 0.5% • for financial companies: 0.6%	Value of exposures to financial and non-financial companies not subject to Articles 19a and 29a of Directive 2013/34/EU: • for non-financial companies: €1,375m • for financial companies: €1,659m
The proportion of exposures to financial and non-financial companies from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: • for non-financial companies: 0.4% • for financial companies: 0.6%	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU: • for non-financial companies: €1,171m • for financial companies: €1,658m
The proportion of exposures to financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: • for non-financial companies: 18% • for financial companies: 10%	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU: • for non-financial companies: €50,769m • for financial companies: €27,764m
The proportion of exposures to other counterparties over total assets covered by the KPI: 70%(2)	Value of exposures to other counterparties and assets: €193,670m
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities(3): 1%	Value of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities: €3,538m
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI(4): 16%	Value of all the investments that are funding economic activities that are not Taxonomy-eligible: €44,053m
The value of all the investments that are funding taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI(5): 8%	Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned: €21,487m

(1) Based on the available data, the amount of investments on which the KPI can be measured is €94,220m, or 34% of the €276,098m of assets covered by the KPI. This ratio is low for this first alignment, but is expected to increase in the coming years as companies publish more information, regulations stabilise and data providers collect more information

(2) The other counterparties or assets in the KPI denominator correspond to the following investments:
- *(a) equities and bonds, held directly or via funds, of companies whose data has not been published or collected by the data provider ISS ESG*
- *(b) non-look-through funds*
- *(c) all infrastructure and private equity investments for which CNP Assurances does not have information*
- *(d) all investments of Filassistance whose investment portfolio is of little significance*
- *(e) all real estate and forest investments*

(3) Aligned exposures are measured on a premium income basis

(4) Ineligible exposures are measured on a premium income basis

(5) Eligible but not-aligned exposures are measured on a premium income basis

ADDITIONAL INFORMATION: BREAKDOWN OF THE KPI NUMERATOR

The proportion of Taxonomy-aligned exposures to financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI: For non-financial companies: • premium income based: 52% • based on capital expenditure: 67% For financial companies: • premium income based: 0% • based on capital expenditure: 0%	Value of Taxonomy-aligned exposures to financial and non-financial companies subject to Articles 19a and 29a of Directive 2013/34/EU: For non-financial companies: • premium income based: €4,162m • based on capital expenditure: €7,699m For financial companies: • premium income based: €0 • based on capital expenditure: €0
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with Taxonomy-aligned economic activities: • premium income based: 45% • based on capital expenditure: 54%	Value of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities: • premium income based: €3,538m • based on capital expenditure: €6,201m
The proportion of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI • premium income based: 48% • based on capital expenditure: 33%	Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI • premium income based: €3,785m • based on capital expenditure: €3,785m

BREAKDOWN OF THE KPI NUMERATOR PER ENVIRONMENTAL OBJECTIVE

Taxonomy-aligned activities – provided DNSH and social safeguards positive assessment:

1. Climate change mitigation	• premium income: 95% • capital expenditure: 94%	Transitional activities: • premium income: 4% • capital expenditure: 5% Enabling activities: • premium income: 25% • capital expenditure: 23%
2. Climate change adaptation	• premium income: 0.1% • capital expenditure: 0.8%	Enabling activities: • premium income: 0.1% • capital expenditure: 0%
3. Sustainable use and protection of water and marine resources	• premium income: 0% • capital expenditure: 0%	Enabling activities: • premium income: 0% • capital expenditure: 0%
4. Transition to a circular economy	• premium income: 0% • capital expenditure: 0%	Enabling activities: • premium income: 0% • capital expenditure: 0%
5. Pollution prevention and control	• premium income: 0% • capital expenditure: 0%	Enabling activities: • premium income: 0% • capital expenditure: 0%
6. Protection and restoration of biodiversity and ecosystems	• premium income: 0% • capital expenditure: 0%	Enabling activities: • premium income: 0% • capital expenditure: 0%

For CNP Assurances and its subsidiaries, the proportion of non-sovereign investments in Taxonomy-aligned economic activities was:

- 2.9% on the basis of premium income corresponding to Taxonomy-aligned economic activities;
- 4.2% on the basis of capital expenditure corresponding to Taxonomy-aligned economic activities.

6.3.3 Nuclear energy and fossil gas indicators

In accordance 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, CNP Assurances provides information below on activities related to nuclear energy and fossil gas. As a financial company, CNP Assurances does not directly carry out any activities related to nuclear energy or fossil gas. However, CNP Assurances may finance or be exposed to these activities through its investments in various companies.

Template 1 – Activities related to nuclear energy and fossil gas

ROW	NUCLEAR-RELATED ACTIVITIES	
1.	The Company performs, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2.	The Company performs, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best-available technologies.	YES
3.	The Company performs, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	FOSSIL GAS-RELATED ACTIVITIES	
4.	The Company performs, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The Company performs, finances or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The Company performs, finances or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

The alignment and eligibility indicators related to nuclear energy and fossil gas follow the same principles as presented above. The scope is limited to equities and bonds issued by companies, with real estate and forestry investments not being linked to these activities. The following tables outline the regulatory indicators concerning nuclear energy and fossil gas for CNP Assurances and its subsidiaries at 31 December 2023.

6.3.3.1 Nuclear energy and fossil gas indicators (premium income basis)

Template 2 - Taxonomy aligned nuclear- and fossil gas-related activities: denominator (premium income basis)

		Amount and proportion					
		Climate change mitigation and adaptation		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26[(1)] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27[(2)] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28[(3)] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€165m	0.1%	n/a	n/a	n/a	n/a
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29[(4)] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30[(5)] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31[(6)] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-ALIGNED ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE NUMERATOR OF THE APPLICABLE KPI**	**€7,782M**	**2.8%**	**N/A**	**N/A**	**N/A**	**N/A**
8	**TOTAL APPLICABLE KPI**	**€276,099M**	**100%**	**N/A**	**N/A**	**N/A**	**N/A**

(1) 4.26: Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle
(2) 4.27: Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies
(3) 4.28: Electricity generation from nuclear energy in existing installations
(4) 4.29: Electricity generation from fossil gaseous fuels
(5) 4.30: High-efficiency co-generation of heat/cool and power from fossil gaseous fuels
(6) 4.31: Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system

Template 3 - Taxonomy aligned nuclear and fossil gas related activities: numerator (premium income basis)

		Amount and proportion					
		Climate change mitigation and adaptation		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€165m	2.1%	n/a	n/a	n/a	n/a
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-ALIGNED ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE NUMERATOR OF THE APPLICABLE KPI**	**€7,782M**	**97.9%**	**N/A**	**N/A**	**N/A**	**N/A**
8	**TOTAL AMOUNT AND PROPORTION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE NUMERATOR OF THE APPLICABLE KPI**	**€7,947M**	**100%**	**N/A**	**N/A**	**N/A**	**N/A**

Template 4 - Taxonomy-eligible but not-aligned nuclear and fossil gas related activities (premium income basis)

		Amount and proportion					
		Climate change mitigation and adaptation		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€1m	0%	n/a	n/a	n/a	n/a
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€17m	0%	n/a	n/a	n/a	n/a
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€3m	0%	n/a	n/a	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE DENOMINATOR OF THE APPLICABLE KPI**	**€21,466M**	**7.8%**	**N/A**	**N/A**	**N/A**	**N/A**
8	**TOTAL AMOUNT AND PROPORTION OF TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE DENOMINATOR OF THE APPLICABLE KPI**	**€21,487M**	**8%**	**N/A**	**N/A**	**N/A**	**N/A**

Template 5 - Taxonomy-non-eligible nuclear and fossil gas related activities (premium income basis)

Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE DENOMINATOR OF THE APPLICABLE KPI**	**N/A**	**N/A**
8	**TOTAL AMOUNT AND PROPORTION OF TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES IN THE DENOMINATOR OF THE APPLICABLE KPI**	**€44,053M**	**16%**

6.3.3.2 Nuclear energy and fossil gas indicators (capital expenditure basis)

Template 6 – Taxonomy-aligned nuclear and fossil gas related activities: denominator (capital expenditure basis)

		Amount and proportion					
		Climate change mitigation and adaptation		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26[1] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27[2] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€32m	0%	n/a	n/a	n/a	n/a
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28[3] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€263m	0.1%	n/a	n/a	n/a	n/a
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29[4] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0.4m	0%	n/a	n/a	n/a	n/a
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30[5] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€3m	0%	n/a	n/a	n/a	n/a
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31[6] of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-ALIGNED ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE NUMERATOR OF THE APPLICABLE KPI**	**€11,187M**	**4.1%**	**N/A**	**N/A**	**N/A**	**N/A**
8	**TOTAL APPLICABLE KPI**	**€276,099M**	**100%**	**N/A**	**N/A**	**N/A**	**N/A**

(1) 4.26: Pre-commercial stages of advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle
(2) 4.27: Construction and safe operation of new nuclear power plants, for the generation of electricity or heat, including for hydrogen production, using best-available technologies
(3) 4.28: Electricity generation from nuclear energy in existing installations
(4) 4.29: Electricity generation from fossil gaseous fuels
(5) 4.30: High-efficiency co-generation of heat/cool and power from fossil gaseous fuels
(6) 4.31: Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system

Template 7 – Taxonomy-aligned nuclear and fossil gas related activities: numerator (capital expenditure basis)

		Amount and proportion					
		Climate change mitigation and adaptation		Climate change mitigation		Climate change adaptation	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
2	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€32m	0.3%	n/a	n/a	n/a	n/a
3	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€263m	2.3%	n/a	n/a	n/a	n/a
4	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0.4m	0%	n/a	n/a	n/a	n/a
5	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€3m	0%	n/a	n/a	n/a	n/a
6	Amount and proportion of Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-ALIGNED ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE NUMERATOR OF THE APPLICABLE KPI**	**€11,187M**	**97.4%**	**N/A**	**N/A**	**N/A**	**N/A**
8	**TOTAL AMOUNT AND PROPORTION OF TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE NUMERATOR OF THE APPLICABLE KPI**	**€11,484M**	**100%**	**N/A**	**N/A**	**N/A**	**N/A**

Template 8 – Taxonomy-not-aligned nuclear and fossil gas related activities (capital expenditure basis)

		Amount and proportion					
		Climate change mitigation or adaptation		Climate change mitigation		Adaptation to climate change	
Row	Economic activities	Amount	%	Amount	%	Amount	%
1	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
2	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
3	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0.3m	0%	n/a	n/a	n/a	n/a
4	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0	0%	n/a	n/a	n/a	n/a
5	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€1m	0%	n/a	n/a	n/a	n/a
6	Amount and proportion of Taxonomy-eligible but not Taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	€0m	0%	n/a	n/a	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE DENOMINATOR OF THE APPLICABLE KPI**	**€25,481M**	**9.2%**	**N/A**	**N/A**	**N/A**	**N/A**
8	**TOTAL AMOUNT AND PROPORTION OF TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES IN THE DENOMINATOR OF THE APPLICABLE KPI**	**€25,482M**	**9.2%**	**N/A**	**N/A**	**N/A**	**N/A**

Template 9 – Taxonomy-non-eligible nuclear and fossil gas related activities (capital expenditure basis)

Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is Taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	n/a	n/a
7	**AMOUNT AND PROPORTION OF OTHER TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES NOT REFERRED TO IN ROWS 1 TO 6 ABOVE IN THE DENOMINATOR OF THE APPLICABLE KPI**	**N/A**	**N/A**
8	**TOTAL AMOUNT AND PROPORTION OF TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES IN THE DENOMINATOR OF THE APPLICABLE KPI**	**€33,463M**	**12%**

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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries' 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 CNP Assurances and its subsidiaries' 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. CNP Assurances and its subsidiaries have chosen to take advantage of this deferred application option for the preparation of the consolidated financial statements.

However, IFRS 9 was applied by the main entities of CNP Assurances and its subsidiaries 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 CNP Assurances and its subsidiaries 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

8.1 Ownership structure

At 31 December 2021

Number of shares: 686,618,477

Number of theoretical voting rights (gross): 812,065,531

Number of exercisable voting rights (net): 811,691,457

Shareholders	Number of shares	% share capital	% exercisable voting rights(1)
La Banque Postale	542,079,925	78.95%	82.12%
Public, Company employees and other	144,538,552	21.05%	17.88%
of which:			
CNP Assurances (treasury shares)	*374,074*	*0.05%*	-
TOTAL	**686,618,477**	**100.00%**	**100.00%**

(1) The difference between the percentage share capital and percentage voting rights corresponds to treasury shares that are stripped of voting rights and to double voting rights

To the best of CNP Assurances' knowledge, no other shareholder owned more than 5% of the share capital or voting rights

On 14 December 2021, the AMF *(Autorité des Marchés Financiers)* published La Banque Postale's (LBP) declaration informing the market that as a result of the merger by absorption of SF2 into LBP, the latter owned the 138,336,421 CNP Assurances shares previously held by SF2 (2021DD812254). Following this merger, SF2's 20.15% interest and 32.38% voting rights were transferred to LBP, increasing its direct shareholding in CNP Assurances to 62.84% with 68.50% of the voting rights.

On 20 and 21 December 2021, the AMF published BPCE's declaration of the disposal of its 110,590,585 shares in CNP Assurances (2021DD813085) and LBP's declaration of the acquisition of said shares (2021DD812892), following which shares representing 16.11% of the share capital and 13.62% of the voting rights were transferred to LBP, increasing its direct shareholding in CNP Assurances to 78.95% with 82.12% of the voting rights.

As of 31 December 2021, no agreement was in force between the Company's shareholders (shareholder agreements governed by Article L.233-11 of the French Commercial Code).

At 31 December 2022

Number of shares: 686,618,477

Number of theoretical voting rights (gross): 1,117,657,197

Number of exercisable voting rights (net): 1,117,283,123

Shareholders	Number of shares	% share capital	% exercisable voting rights(1)
La Banque Postale	686,244,403	99.95%	100%
CNP Assurances (treasury shares)	374,074	0.05%	-
TOTAL	**686,618,477**	**100.00%**	**100.00%**

(1) The difference between the percentage share capital and percentage voting rights corresponds to treasury shares that are stripped of voting rights and to double voting rights.
To the best of CNP Assurances' knowledge, no other shareholder owned more than 5% of the share capital or voting rights.

On 16 March 2022, La Banque Postale filed with the *Autorité des marchés financiers* a proposed simplified public tender offer for the shares of CNP Assurances (222C0622).

The offer period ran from 2 to 31 May 2022 inclusive (222C0962) and at the closing date LBP held 97.67% of the Company's share capital and 98.49% of the voting rights (222C1368).

A squeeze-out procedure then took place on 20 June 2022 (222C1398) which resulted in the ownership structure set out in the table above as at 31 December 2022.

As of 31 December 2022, no agreement was in force between the Company's shareholders (shareholder agreements governed by Article L.233-11 of the French Commercial Code).

At 31 December 2023

Number of shares: 686,618,477

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

Number of exercisable voting rights (net): 686,244,403

Shareholders	Number of shares	% share capital	% exercisable voting rights(1)
CNP Assurances Holding	686,244,403(2)	99.95%	100%
CNP Assurances (treasury shares)	374,074	0.05%	-
TOTAL	**686,618,477**	**100.00%**	**100.00%**

(1) The difference between the percentage share capital and percentage voting rights corresponds to treasury shares that are stripped of voting rights
(2) Including one share loaned to CNP Assurances IARD to comply with the legal requirement of two shareholders in a public limited company

On 11 April 2023, La Banque Postale transferred the shares it held in CNP Assurances to CNP Assurances Holding (formerly La Banque Postale International) as part of the combination of La Banque Postale and CNP Assurances' insurance businesses.

As of 31 December 2023, no agreement was in force between the Company's shareholders (shareholder agreements governed by Article L.233-11 of the French Commercial Code).

Information on the specific procedures relating to shareholder participation in General Meetings

Every shareholder is entitled to participate in General Meetings under the conditions provided for by law. The rules governing shareholder participation and voting in General Meetings are set out in Article 26 of CNP Assurances' Articles of Association.

Information on factors likely to have an impact in the event of a public offering

The information below, as at 31 December 2023, is given in the context of and for the purpose of complying with Article L.22-10-11 of the French Commercial Code (Code de commerce):

- the capital structure of the Company is presented in the management report, it being specified that at 31 December 2023, CNP Assurances Holding held 99.95% of the capital and 100% of the voting rights of CNP Assurances (with the exception of the share lent to CNP Assurances IARD);
- the Articles of Association do not provide for any restrictions on the exercise of voting rights, apart from Article 11.3 which states that in the event of non-compliance with the obligation to disclose that a threshold of 0.5% of the capital or voting rights has been exceeded, then, at the request of one or more shareholders holding at least 5% of the share capital, recorded in the minutes of the Annual General Meeting, the shares exceeding the portion that should have been disclosed are stripped of voting rights for any Shareholders' Meetings held until the expiry of a two-year period following the date on which the required disclosure is made;
- the direct or indirect shareholdings of which the Company is aware, pursuant to Articles L. 233-7 (shareholding threshold disclosure) and L. 233-12 of the French Commercial Code, are described in the management report;
- there are no holders of securities with special control rights;
- there are no operating mechanisms in the Company's employee share ownership system that apply when control rights are not exercised by the employees;
- to the Company's knowledge, there are no shareholder agreements that could result in restrictions on the transfer of the Company's shares and the exercise of voting rights;
- the only specific rules applicable to the appointment and replacement of members of the Board of Directors are those provided for in the Articles of Association relating to directors representing employees, who are not appointed by the Board of Directors or the shareholders in a General Meeting;
- the powers of the Board of Directors to issue or buy back shares are set out in Chapter 8.3 of this report;
- the Company may enter into agreements containing clauses that may, under certain conditions, lead to their early termination in the event of a change of control of the Company, some of which the Company believes may have an impact in the event of a public offer. Bancassurance agreements with certain partners and certain other agreements entered into by CNP Assurances include a change of control clause which, if triggered, could lead to the agreements being terminated immediately or their terms being amended;
- there are no agreements providing for the payment of compensation to employees or directors if they resign, or are dismissed or removed from office without a real and serious reason, or if their duties are terminated due to a public takeover bid or exchange offer.

8.2 Dividends and dividend policy

8.2.1 Appropriation and distribution of profit (Article 28 of the Articles of Association)

"Net income for the financial year, less overheads and other corporate expenses, depreciation and amortisation of assets and all contingency provisions, forms net profit.

1. *Distributable profit consists of profit for the financial year, less prior losses and amounts appropriated to reserves pursuant to the law and the Articles of Association, plus retained earnings brought forward from the prior year.*
2. *On the recommendation of the Board of Directors, the Ordinary General Meeting may decide to allocate any amounts it considers appropriate to retained earnings or to one or more extraordinary, general or special reserve funds. They may be allocated in any manner decided by the General Meeting, on the recommendation of the Board of Directors. It may also decide, on the recommendation of the Board of Directors, to distribute all or part of the profit in the form of dividends.*
3. *The General Meeting may decide to grant each shareholder an option to receive all or part of the dividend or any interim dividend in cash or in shares.*
4. *The terms and conditions of payment of the dividends voted by the General Meeting are set by the General Meeting or, failing this, by the Board of Directors.*

   An extension of this period may be granted by court decision."

8.2.2 Dividend record

Year of payment	2020[1]	2021[1]	2022[1]	2023
Consolidated earnings per share	€1.91	€2.20	€2.75	€2.42
Dividend per share	€1.57	€1.00	€1.38	€1.09[2]
Number of shares with dividend rights	686,618,477	686,618,477	686,618,477	686,618,477

(1) Consolidated earnings per share and dividend per share presented in accordance with IFRS 4
(2) Excluding an exceptional dividend of €3.21 per share. Subject to the decision of the General Meeting of 23 April 2024 on the payment of the balance of €2.84, in view of the interim dividend of €1.46 already paid

Dividends not claimed within five years are statute-barred and are paid over to the French State.

8.2.3 Dividend policy

At its meeting on 20 February 2019, the Board of Directors approved the following dividend policy:

"The Company's dividend policy is determined by the Board of Directors after reviewing the Group's results, financial position and solvency ratios, the economic environment and any other factors that are considered relevant. When determining its dividend recommendation, the Board of Directors takes into consideration the need to prudently manage the Group's capital, the investments required to develop the business, and the recommended dividend's attractiveness for shareholders. The Company's priority is to maintain a stable or increasing dividend per share from year to year. CNP Assurances also aims to maintain a payout ratio – defined as the ratio between the amount of the dividend per share and the amount of earnings per share – of between 40% and 50%.

This dividend policy may be changed in the future. The decision concerning the dividend is the responsibility of CNP Assurances' Board of Directors and its General Meeting of shareholders."

It replaces the dividend policy that has been in effect since 20 February 2019 and takes into account the effects of earnings volatility brought about by the new IFRS 17 accounting standard.

8.3 Share buyback programme

The Annual General Meeting of 30 March 2023 did not renew the share buyback programme that has been in place since the Company's IPO and maintained during the Company's listing.

Chapter

9

Main branches of CNP Assurances and its subsidiaries

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

Other information

10.1 Statutory Auditors' report on the 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 your Annual General Meeting, we have audited the accompanying financial statements of CNP Assurances 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.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

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.

Independent

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, and, in particular, we did not provide any non-audit services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the annual financial statements, as well as how we addressed those risks.

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.

Measurement of unlisted financial assets

Note 4.3.1 to the financial statements

Description of risk	How our audit addressed this risk
In order to fulfil its commitment to insureds, CNP Assurances invests premiums received in various types of investments. At 31 December 2023, these investments amounted to €280.2 billion, representing 78.6% of the assets in the Company's balance sheet. Unlisted financial investments – recognised in the financial statements at 31 December 2023 for €41.6 billion – correspond to financial assets for which obtaining a quoted market price in real time is materially impossible. The methods used to measure these investments are described in Note 4.3.1 – Investing activities/Measurement to the financial statements. We deemed the measurement of unlisted financial assets to be a key audit matter given the materiality of the assets that are valued based on actuarial approaches requiring a significant degree of judgement from management.	We performed the following procedures: • assessing the control system associated with the valuation process, particularly by verifying that controls put in place by management exist and effectively implemented; • verifying that the estimates of these values determined by management are based on an appropriate justification of the measurement method and of the figures used; • on the basis of a random sample of unlisted assets, we compared the measurement used by the Company with the latest available valuations from experts and fund managers; • we worked with our internal experts in risks and models to perform an independent calculation and sensitivity analyses to assess the judgements made by management.

Measurement of escalating risks reserve for long-term care and term creditor policies

(See Note 4.6 to the financial statements)

Description of risk	How our audit addressed this risk
A reserve for escalating risks is recorded to cover timing differences between the coverage of risks and their financing in the form of insurance premiums. This reserve is constituted prospectively and covers the difference between the present values of the respective future commitments of the insurer and the insured. The calculation uses regulatory valuation rates of interest and takes into account experience-based biometric risk assumptions (incidence of death and disability risk, and/or disability persistency risk) and behavioural assumptions (surrenders) based on historical data for the portfolio concerned. French regulations do not specify all of the inputs to be used to calculate this reserve. At 31 December 2023, the escalating risks reserve amounted to: • €166 million for term creditor insurance; • €534 million for lifetime long-term care contracts. For more information, see Note 4.6 to the financial statements. We considered that the calculation of the escalating risks reserve for lifetime long-term care and term creditor insurance policies involved a significant risk of material misstatement in the financial statements due to their sensitivity to the following assumptions used by management: • the discount rate used on the long-term care risk; • the experience-based tables prepared according to observations and analyses established on the basis of portfolio data; • the surrender behaviour of policyholders.	We reviewed the procedures by which the methodology for determining the escalating risks reserve is implemented. We tested the key controls put in place by management that we considered the most relevant to determining the costs on which the calculation was based. We also carried out the following procedures with the guidance of our internal experts in risks and models: • assessing the compliance of the methodology used by the Company with the applicable accounting principles; • we examined the mathematical design of the actuarial model to verify that it did not contain any material misstatement that could distort the calculation result, in particular by recalculating the reserves; • assessing the appropriateness of the key assumptions used by the Company to determine the reserve, including: - the determination of the homogeneous risk classes (within which the offsetting of positive and negative escalating risks reserves calculated on a case-by-case basis is possible) linked to the segmentation used for pricing; - the principles and methodologies for determining the discount rate; - the principles and methodologies for determining the surrender rate and the related sensitivity tests; - the principles and methodologies for determining the experience-based tables; - the principles for determining escalating risk reserve coefficients and their proper application for case-by-case calculations; • performing sensitivity analyses to assess the judgements made by management; • comparing the data used in the calculations with past cost statistics.

Specific verifications

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

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements, except as explained below, it being specified that it is not our responsibility to give an opinion on the fair presentation and the consistency with the financial statements of the supervisory reporting (SCR coverage ratio) taken from the report provided for in Article L.355-5 of the French Insurance Code (Code des assurances).

Concerning the fair presentation and the consistency with the financial statements of the information on supplier payment terms referred to in Article D.441-6 of the French Commercial Code, we have the following matter to report: as explained in the management report, the information does not include insurance and reinsurance transactions because the Company considers that they do not fall within the scope of the disclosure requirement in accordance with the circular issued by the French Insurance Federation (Fédération Française de l'Assurance – FFA) dated 29 May 2017.

Information relating to corporate governance

We attest that the section of the Board of Directors' management report relating to corporate governance sets out the information required by Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remuneration and benefits paid or awarded to corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning acquisitions of controlling and other interests has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of the Company by the Annual General Meetings held on 22 April 2022 for KPMG S.A. and on 18 May 1998 for Mazars.

At 31 December 2023, KPMG S.A. was in the second year of its engagement and Mazars was in the twenty-sixth consecutive year of its engagement.

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 Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

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

Objective and audit approach

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 consolidated 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.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee, which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit and Risk Committee any risks to our independence and the related safeguard measures applied.

Paris La Défense, 22 March, 2024

KPMG S.A.

Anthony BAILLET — Partner

Pierre PLANCHON — Partner

Courbevoie, 22 March 2024

Mazars

Jean-Claude PAULY — Partner

Chapter

11

Appendix

Glossary

This document concerns the scope of CNP Assurances SA and its subsidiaries

This glossary includes definitions of **alternative performance measures (APMs)** that are considered useful by CNP Assurances SA to measure and analyse its performance.

On 1 January 2023, after the IFRS 9 and IFRS 17 regulations came into effect, the APM's reporting scope was significantly modified compared with prior periods. CNP Assurances SA is therefore proposing new definitions for its APMs. It should be noted that given the change in scope and components, a comparison between old and new APMs, when the latter apply the new standard, cannot be made.

All APMs are identified by an asterisk(*). They should be treated as additional information and not as substitutes for the balance sheet and income statement prepared in accordance with IFRS.

They may not be comparable with those published by other companies, as their definition may vary from one company to another. Prudential measures determined in accordance with the Solvency II directive are not considered to be APMs.

For all information relating to the CNP Assurances Group (CNP Assurances SA, its subsidiaries and the four La Banque Postale Assurances entities), please consult the press release and the 2023 results presentation to analysts:

https://www.cnp.fr/en/the-cnp-assurances-group/investors/results/results-and-financial-data/2023-results

Administrative costs*

Costs of administering and managing insurance contracts, excluding commissions paid to the distribution networks. This indicator includes non-controlling interests. Administrative costs comprise all costs attributable to insurance and reinsurance contracts and all non-attributable costs incurred by the insurance companies. **They are determined in accordance with IFRS 9/17.**

Attributable costs*

Attributable costs correspond to administrative costs directly attributable to the fulfilment of insurance contracts. They are included in the calculation of the insurance service result. **Attributable costs are determined in accordance with IFRS 9/17.**

Attributable net profit*

This indicator corresponds to EBIT plus the Group's share of profit of equity-accounted companies, less income tax and non-controlling interests. **Attributable net profit is calculated in accordance with IFRS 9/17.**

(€m)	**31.12.2023**	**31.12.2022**
EBIT (1)	2,901	1,833
Equity-accounted companies (2)	24	28
Income tax expense (3)	-881	-403
Non-controlling interests (4)	-327	-291
Other (5)	0	3
ATTRIBUTABLE NET PROFIT = (1) + (2) + (3) + (4) + (5)	**1,717**	**1,171**

Attributable new business

The market effect is a component of the insurance service result. Corresponds to the contribution of new business to net profit for the year. **Attributable new business is determined in accordance with IFRS 9/17.**

Best Estimate Liability (BEL)

The BEL measures the best estimate of the company's liabilities using an economic approach, i.e. the present value of probable future cash flows. **The Best Estimate Liability is determined in accordance with IFRS 9/17.**

Building Block Approach (BBA)

General liability measurement model for indirect participation or non-participating contracts (i.e., direct participation contracts whose cash flows to policyholders nevertheless vary with the return on assets). The Building Block Approach is determined in accordance with IFRS 9/17**.**

Change at constant exchange rates

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

Change at constant scope and exchange rates (LFL)

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

Change on a comparable scope basis

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

Combined ratio (Personal Risk/Protection/Property and Casualty segment)

Calculated for the Personal Risk/Protection/Property and Casualty segment. The combined ratio is an indicator of Personal Risk/Protection business profitability. **It is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Net insurance and investment result of the segment (1)	1,620	959
Total premium income (2)	6,650	6,678
COMBINED RATIO – PERSONAL RISK/PROTECTION SEGMENT = 100% – (1)/(2)	**75.9%**	**85.6%**

Contractual Service Margin (CSM)

Represents the pool of future profits transferred to the income statement as the insurance service is provided. The CSM cannot become negative. If the amount is negative, the underlying contract is qualified as onerous and is transferred to the loss component. **The contractual service margin is determined in accordance with IFRS 9/17.**

Contractual Service Margin, net (CSMN)

Represents CSM net of deferred tax and non-controlling interests **The contractual service margin, net is determined in accordance with IFRS 9/17.**

Currency effect

This component of the contractual service margin (CSM) corresponds to the increase or decrease in the CSM resulting from changes in period-end exchange rates between the local currency and the euro.

Debt-to-equity ratio*

Subordinated notes classified in debt or equity, divided by the sum of subordinated notes classified in debt and total equity added to the CSM net of taxes and including non-controlling interests. This indicator measures the proportion of financing represented by total subordinated notes (classified in both debt and equity). **The debt-to-equity ratio is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Subordinated notes classified in equity (1)	1,881	1,881
Subordinated notes classified in debt (2)	6,769	6,508
Total equity (3)	23,260	22,728
CSM net of tax and including non-controlling interests (4)	13,557	12,311
DEBT-TO-EQUITY RATIO = [(1) + (2)]/[(2) + (3) + (4)]	**19.8%**	**20.2%**

Dividend cover

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

(€m)	31.12.2023	31.12.2022
Net operating free cash flow (OFCF) (1)[1]	1,787	2,212
Dividends (2)	748	947
DIVIDEND COVER = (1)/(2)	**2.4X**	**2.3X**

(1) As the MCEV standard is no longer used, OFCF is now calculated based on Solvency II

Plus exceptional dividends of €1.2 billion (passed up to the shareholder) and €1 billion (retained at the level of CNP Assurances Holding, paid in October 2023).

Earnings before interest and taxes (EBIT)*

Calculated on the basis of total income less financing costs for subordinated securities, non-attributable costs and amortisation of distribution agreements. This indicator includes non-controlling interests and is gross of income tax expense. It is the margin generated by the insurance business after deducting administrative costs. **EBIT is calculated in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Total revenue (1)	3,749	2,630
Finance costs (2)	215	156
Non-attributable costs (3)	434	444
Amortisation of distribution agreements (4)	199	196
EBIT = (1) - (2) - (3) - (4)	**2,901**	**1,833**

Earnings per share (EPS)

Attributable net profit less finance costs on subordinated notes classified in equity, divided by the weighted average number of shares outstanding. **Earnings per share is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Attributable net profit (1)	1,717	1,171
Net finance costs on subordinated notes classified in equity (2)	56	49
Weighted average number of shares (3)	686,244,403	686,244,403
EARNINGS PER SHARE = [(1) – (2)]/(3)	**2.42**	**1.63**

(1) As the MCEV standard is no longer used, OFCF is now calculated based on Solvency II

Economic value of the company*

Economic value is made up of equity and the CSMN, which together represent the sum of wealth already recognised plus expected future wealth **It is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Total equity (1)	19,112	18,763
CSMN (2)	12,171	11,065
ECONOMIC VALUE (1) + (2)	**31,283**	**29,828**

Eligible own funds held to cover the MCR

Sum of Tier 1 and Tier 2 own funds eligible for inclusion in the Minimum Capital Requirement. For calculation purposes, restricted Tier 1 own funds are limited to 20% of total Tier 1 own funds, and Tier 2 own funds are limited to 20% of the MCR. Tier 3 own funds are not eligible for inclusion in MCR. **Eligible own funds held to cover the MCR are non-GAAP indicators.**

Eligible own funds held to cover the SCR

Sum of Tier 1, Tier 2 and Tier 3 own funds eligible for inclusion in the Solvency Capital Requirement (SCR). For calculation purposes, restricted Tier 1 own funds are limited to 20% of total Tier 1 own funds, Tier 2 and Tier 3 own funds are limited to 50% of the SCR and Tier 3 own funds are limited to 15% of the SCR. **Eligible own funds for Group SCR calculations are S2 indicators:**

Expected (in-force business)

The market effect is a component of the insurance service result. Corresponds to the expected transfer to profit of the Contractual Service Margin (CSM) and Risk Adjustment (RA) on in-force contracts held at the beginning of the year (based on opening CSM before changes in assumptions and market effect) **It is calculated in accordance with IFRS 9/17.**

Experience adjustments (stock)

The market effect is a component of the insurance service result. Impact of experience differences between expected and actual (direct P&L impact or CSM impact transferred to the P&L) as well as changes in technical assumptions. **Experience adjustments (stock) are determined in accordance with IFRS 9/17.**

IFRS book value*

Corresponds to equity net of subordinated notes classified in equity. This indicator is net of non-controlling interests. It represents the value for shareholders of equity, excluding the share of subordinated note-holders.

Net book value is calculated in accordance with IFRS 9/17.

(€m)	31.12.2023	31.12.2022
Total equity (1)	19,112	18,763
Subordinated notes classified in equity (2)	1,881	1,881
IFRS BOOK VALUE = (1) – (2)	**17,231**	**16,882**

A technical reserve designed to capture the uncertainty associated with non-financial risks with a view to measuring the insurance liability on an economic basis. RA is calculated in accordance with IFRS 9/17.

Adapted from the BBA and mandatory for direct participation contracts (the insured is entitled to a share of the return on a portfolio of assets). **The variable fee approach is determined in accordance with IFRS 9/17.**

Insurance leverage ratio*

Sum of total equity and subordinated notes classified in debt, divided by insurance contract liabilities less derivative instruments liabilities. Indicator of the Group's solvency before risk-weighting. The higher the ratio, the greater the insurer's ability to absorb potential losses. **The insurance leverage ratio is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Total equity (1)	23,260	22,728
Subordinated notes classified in debt (2)	6,769	6,508
Subordinated notes classified in equity (3)	1,881	1,881
Insurance contract liabilities (4)	377,825	364,022
Derivative instrument liabilities (5)	816	1,589
INSURANCE LEVERAGE RATIO = [(1) + (2)]/[(4) - (5)]	**7.97%**	**8.07%**
O/W EQUITY = [(1) - (3)]/[(4) - (5)]	**5.67%**	**5.75%**
O/W SUBORDINATED NOTES = [(2) + (3)]/[(4) - (5)]	**2.29%**	**2.31%**

Insurance liabilities

Insurance contract liabilities represent the sum of the Best Estimate Liability (BEL) and the adjustment for non-financial risk (RA). Insurance contract liabilities are determined in accordance with IFRS 9/17.

Insurance service result

The insurance service result is a component of attributable net profit and represents the result on in-force business, the experience effect, market effects, the contribution of new business and the impact of the loss component. **It is determined in accordance with IFRS 9/17.**

Interest cover*

EBIT divided by interest paid on total subordinated notes (classified in both debt and equity). Indicator of the Group's ability to pay the interest due to holders of its subordinated notes. **The interest cover is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
EBIT (1)	2,901	1,833
Finance costs on subordinated notes classified in debt (2)	215	156
Finance costs on subordinated notes classified in equity (3)	76	49
INTEREST COVER = (1)/[(2) + (3)]	**10.0X**	**8.9X**

Loss component

When a group of contracts is recognised as onerous at the inception of the contract, the expected loss is recognised immediately in the income statement. The loss component is a provision for losses which is released to the income statement as the insurance service is provided to neutralise future losses through the loss component effect. No CSM is calculated. **The loss component is determined in accordance with IFRS 9/17.**

Loss component effect

Component of the insurance service result. When a group of contracts is recognised as onerous at the inception of the contract, the expected loss is recognised immediately in the income statement as a provision for losses. The loss component effect is the recovery of the loss component as the insurance service is provided. **The loss component effect is determined in accordance with IFRS 9/17.**

Market effect (in-force business)

The market effect is a component of the insurance service result. It corresponds to the impact of the change in the economic environment on in-force business that is recognised in profit or loss for the period. **The market effect on in-force business is determined in accordance with IFRS 9/17.**

Mark-to-market adjustments and amortisation of intangible assets

Measures the impact on attributable net profit of changes in asset prices (i.e., realised and unrealised capital gains classified as trading, net of recognised impairment losses), as well as amortisation of intangible assets. Fair value adjustments and net gains (losses) are calculated net of policyholder participation, non-controlling interests and income tax expense. **They are determined in accordance with IFRS 9/17.**

MCR coverage ratio

Eligible own funds held to cover the MCR divided by the MCR. Indicator of the Group's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses. **The MCR coverage ratio is a Solvency 2 indicator.**

Minimum Capital Requirement (MCR)

Minimum eligible basic own funds, defined in Solvency II as the amount of eligible basic own funds below which policyholders and beneficiaries are exposed to an unacceptable level of risk. When the amount of eligible basic own funds falls below the MCR, the insurance undertaking's authorisation is withdrawn if it is unable to re-establish this amount at the level of the MCR within a short period of time. **The *minimum capital requirement* (MCR) is a Solvency 2 indicator.**

Net new money

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

New business

Portion of the contractual service margin (CSM) linked to contracts signed during the year. **New business is determined in accordance with IFRS 9/17.**

Non-attributable costs*

Non-attributable costs are non-recurring costs incurred for a particular brand or for one-off projects. **They are determined in accordance with IFRS 9/17.**

Non-recurring items

Indicator used to separately identify non-recurring income and expenses that affect attributable net profit. It is stated after non-controlling interests and income tax expense. **They are determined in accordance with IFRS 9/17.**

Normalised cost/income ratio*

The cost/income ratio is an indicator of operating efficiency. It is calculated by dividing administrative costs (including costs attributable to contracts) by the insurance service result restated to exclude market effects and attributable costs. The purpose of restating the insurance service result is to show the cost/income ratio that would have been reported if the insurance service result had not included the effect of changes in the financial environment. **The cost/income ratio is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Administrative costs (1)	1,080	1,027
Restated insurance service result (2)	4,023	3,550
COST/INCOME RATIO = (1)/(2)	**27%**	**29%**

Operating free cash flow (OFCF)

Measures the generation of free surplus to pay dividends and build the business by selling new contracts or acquiring new subsidiaries or associates. This indicator is net of non-controlling interests. Issues and redemptions of subordinated notes may be included in or excluded from the calculation. **As the MCEV standard is no longer used, OFCF is now determined based on Solvency II.**

Other comprehensive income (OCI)

Income or expense recognised directly in equity without passing through the income statement Can be broken down into OCI assets and OCI liabilities. This includes realised and unrealised capital gains or losses (realised or unrealised capital gains or losses net recognised impairment losses), impairment losses and exceptional changes in intangible asset values. Fair value adjustments and net gains (losses) are calculated net of policyholder participation, non-controlling interests and income tax expense. **OCI is calculated in accordance with IFRS 9/17.**

Payout ratio*

Dividend per share divided by earnings per share. Measures the proportion of attributable net profit, less finance costs on subordinated notes classified in equity, distributed to owners in the form of dividends. This ratio is calculated only for annual results presentations. **The pay-out ratio is determined in accordance with IFRS 9/17.**

(€)	31.12.2023	31.12.2022
Dividend per share (1)	1.09	1.38
Earnings per share (EPS) (2)	2.42	2.75[1]
PAYOUT RATIO = (1)/(2)	**45%**	**50%**

(1) Earnings per share used to calculate the 2022 payout ratio is calculated under IFRS 4, while the 2023 payout ratio is calculated under IFRS 17

Policyholders' surplus reserve (PSR)

Cumulative underwriting and investment income attributable to policyholders that is distributed on a deferred basis. **PSR is a non-GAAP indicator.**

Premium Allocation Approach (PAA)

Model used for short-term (1 year) non-participating contracts whose cash flows to policyholders do not vary with the return on assets. **Optional model for short-term business. The Premium Allocation Approach is determined in accordance with IFRS 9/17.**

Premium income*

Corresponds to earned premiums by business segment. including non-controlling interests and ceded premiums. Premium income is an indicator of underwriting volume. Premium income is a non-GAAP indicator.

(€m)	31.12.2023	31.12.2022
Premium income in the personal *risk/protection/property* & casualty insurance segment	6,650	6,678
Premium income in the Savings/Pensions premiums segment	27,868	29,511
Premium income for CNP Assurances SA and its subsidiaries	34,518	36,188

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

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

(€m)	31.12.2023	31.12.2022
UL savings/pensions premium income (1)	13,687	14,605
Total savings and pensions premium income (2)	27,868	29,511
PROPORTION OF SAVINGS/PENSIONS PREMIUMS REPRESENTED BY UL CONTRACTS = (1)/(2)	**49.1%**	**49.5%**

Restricted Tier 1 own funds

Corresponding to subordinated notes classified in Tier 1, including undated subordinated notes issued before Solvency II came into effect (grandfathering clause). **Restricted Tier 1 own funds are S2 indicators.**

Return on equity (ROE)*

Calculated by dividing (i) the sum of attributable net profit by (ii) average equity over the period, less subordinated notes classified in equity. Measures the return on equity. **ROE is calculated in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Annualised attributable net profit (1)	1,717	1,171
Average equity (2)	18,938	19,496
Subordinated notes classified in equity (3)	1,881	1,881
ROE = 1/(2-3)	**10.1%**	**6.6%**

Revenue from own-funds portfolios*

Mainly revenue generated by investments held to back equity and subordinated notes, after deduction of amortisation of distribution agreements. **Revenue from own-funds portfolios is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Net revenue generated by investments held to back equity and subordinated notes (1)	209	-393
Amortisation of distribution agreements (2)	-163	-162
REVENUE FROM OWN-FUNDS PORTFOLIOS = (1) – (2)	**372**	**-231**

Risk Adjustment (RA)

A technical reserve designed to capture the uncertainty associated with non-financial risks with a view to measuring the insurance liability on an economic basis. RA is calculated in accordance with IFRS 9/17.

SCR coverage ratio

Eligible own funds held to cover the SCR divided by the SCR. Indicator of the Group's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses. **The SCR coverage ratio is a Solvency 2 indicator.**

Solvency Capital Requirement (SCR)

Level of eligible own-funds that enables an insurance undertaking to absorb significant losses and gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. SCR is defined in Solvency II as the value-at-risk of basic own funds, subject to a confidence level of 99.5% over a one-year period. CNP Assurances has chosen to calculate its SCR using the standard formula without transitional measures, except for the grandfathering of subordinated notes issued before Solvency II came into effect. **The SCR is a Solvency 2 indicator.**

MCR coverage ratio

Eligible own funds held to cover the MCR divided by the MCR. Indicator of the Group's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses. **The MCR coverage ratio is a Solvency 2 indicator.**

SCR coverage ratio

Eligible own funds held to cover the SCR divided by the SCR. Indicator of the Group's risk-weighted solvency. The higher the ratio, the greater the insurer's ability to absorb potential losses. **The SCR coverage ratio is a Solvency 2 indicator.**

Surrender rate

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

Tier 2 own funds

Corresponding to subordinated notes classified in Tier 1, including dated subordinated notes issued before Solvency II came into effect (grandfathering clause). **Tier 2 own funds are an S2 indicator.**

Tier 3 own funds

Subordinated notes classified in Tier 3 plus any net deferred tax assets also classified in Tier 3. **Tier 3 own funds are an S2 indicator.**

Total revenue*

Insurance service result plus non-insurance revenue and revenue from own-funds portfolios. including non-controlling interests but net of reinsurance. **Total revenue is determined in accordance with IFRS 9/17.**

(€m)	31.12.2023	31.12.2022
Insurance service result (1)	3,367	2876
Non-insurance revenue (2)	10	-14
Revenue from own-funds portfolios (3)	372	-231
TOTAL REVENUE = (1) + (2) + (3)	**3,749**	**2,630**

Variable Fee Approach (VFA)

Adapted from the BBA and mandatory for direct participation contracts (the insured is entitled to a share of the return on a portfolio of assets). **The variable fee approach is determined in accordance with IFRS 9/17.**

Withdrawal rate

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

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Société anonyme (joint-stock company) with fully paid-up share capital of €686,618,477
Registered in the Nanterre Trade and Companies Register under no. 341 737 062
Company governed by the French Insurance Code (Code des assurances)