GROUPE
MUTUALISTE
DE PROTECTION

SOLVENCY AND
FINANCIAL CONDITION REPORT
(SFCR)

Aéma Groupe

CONTENTS

INTRODUCTION

The English-language version of this report is a slimmed-down version of the original report in French and is intended for the public. It comprises just three chapters, concerning Aéma Groupe and two of its insurance companies, Macif SAM and Abeille Vie.

This report covers the period from 1 January to 31 December 2022.

The full original report in French – the single SFCR – intended for the public has been prepared pursuant to Articles 290 to 298 and 359 to 371 of the Delegated Regulation published in the Official Journal of the European Union on 17 January 2015. It concerns Aéma Groupe and eleven of its insurance companies. Each chapter of the full report in French comprises an executive summary and five separate sections:

- **Executive summary**
- **Section A**: presentation of the company, its business and its performance
- **Section B**: qualitative information on the company's governance
- **Section C**: presentation of the company's risk profile
- **Section D**: Solvency II balance sheet presentation
- **Section E**: qualitative and quantitative information on Solvency II own funds, capital requirements and their coverage.

In the English-language version, the chapter on Aéma Groupe comprises an executive summary and sections A, D and E, and the Macif SAM and Abeille Vie chapters comprise the sections D and E specific to these companies.

Aéma

Groupe

EXECUTIVE SUMMARY

Business and performance

- Earned premiums totalled €16,085 million in 2022 compared to €11,033 million the previous year. The increase of €5,052 million in 2022 primarily reflected the inclusion of Abeille Assurances in the combined financial statements over the full year.
- Net profit attributable to the Group amounted to €122 million in 2022.

Earned premiums

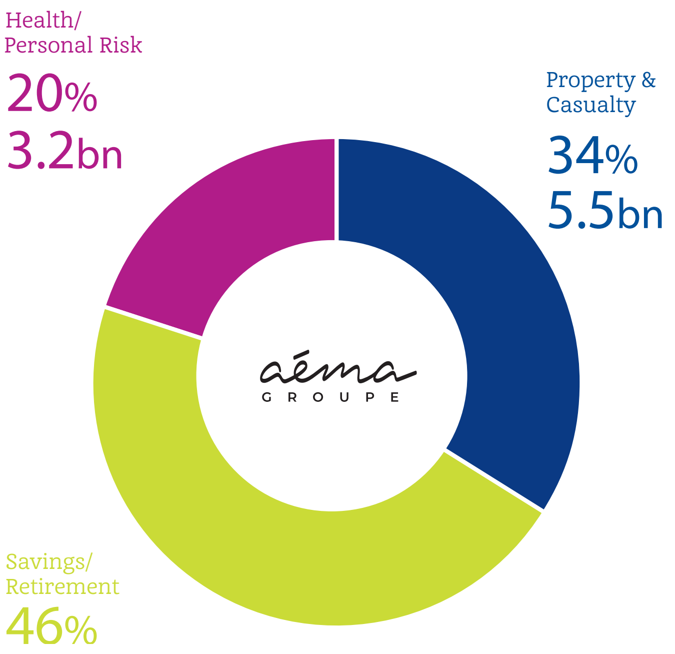
€16,085m

Attributable net profit

€122m

EARNED PREMIUMS

BY BUSINESS LINE



Governance

After a settling-down period of just over a year, Aéma Groupe reorganised the leadership of its key functions to take into account the increased size of the business and the challenges facing the Group.

Key function holders have been appointed within Aéma Groupe, its direct and indirect affiliated companies and some of the members of the mutual insurance union.
All of these key function holders report to one of the effective managers.

The Board of Directors of Aéma Groupe:

- at its meeting on 28 January 2022, noted the appointment of Eric Da Silva as holder of the key risk management function (with the title of Chief Risk Officer), replacing Sandrine Avon;
- at its meeting on 29 June 2022, noted the appointment of Joachim Moreso as holder of the key compliance function (with the title of Chief Compliance Officer), replacing Christophe Raballand;
- at its meeting on 18 November 2022, noted the appointment of Jean-Marie Guillevic as holder of the key internal audit function Head of Internal Audit, replacing Dominique Chaignon.

Lastly, at its meeting on 14 December 2022, the Board of Directors:

- appointed Olivier Brenza as Deputy Chief Executive Officer, Health/Personal Risk, replacing Sophie Elkrief;
- noted the designation of Olivier Brenza as an effective manager (i.e., one of the persons who effectively runs the business, designated in accordance in Article R.322-168-2 of the French Insurance Code [*Code des assurances*]).

Risk profile

Four main risk families:

FINANCIAL RISKS

Market: 39.9%
Counterparty: 2.6%
Liquidity

INSURANCE RISKS

Non-life underwriting: 19.5%
Life underwriting: 24.5%
Health underwriting: 7.6%

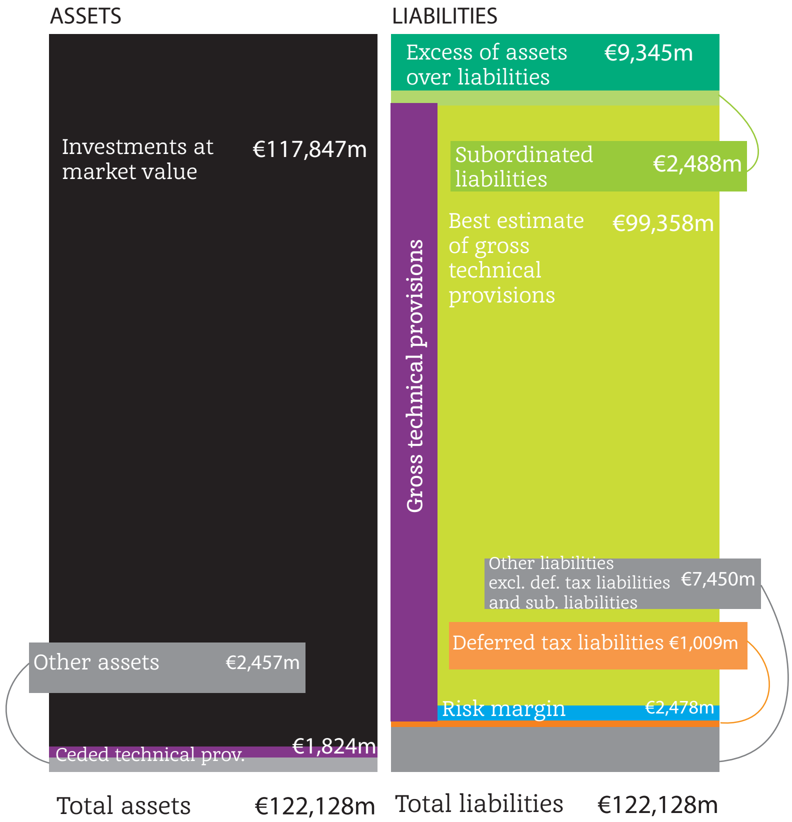
OPERATIONAL RISKS

5.9%

STRATEGIC RISKS

- Risks identified in the risk map.
- Risks modelled under the stress scenarios defined for the ORSA.
- Quantitative risk assessments carried out through stress tests and SCR and MCR measurements.
- A Group SCR composed of market risk SCR for 39.9% and underwriting risk SCR for 51.6% (breakdown expressed as a percentage of the sum of the standard formula risk modules).

Valuation for Solvency purposes

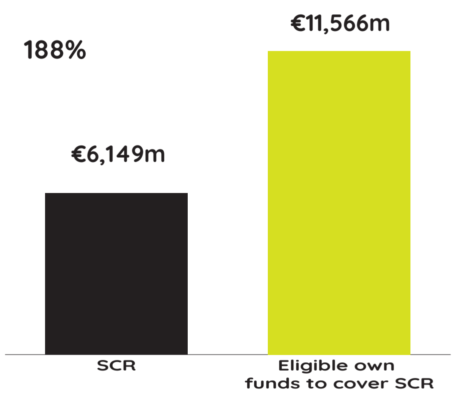


- Investments at market value and technical provisions represented 96% and 83% of the balance sheet total respectively.
- Technical provisions before reinsurance, including the risk margin, amounted to €101,836 million at 31 December 2022, of which more than 90% corresponded to life and unit-linked provisions.
- The Group's Solvency II own funds (excess of assets over subordinated debt and other liabilities) stood at €11,833 million.

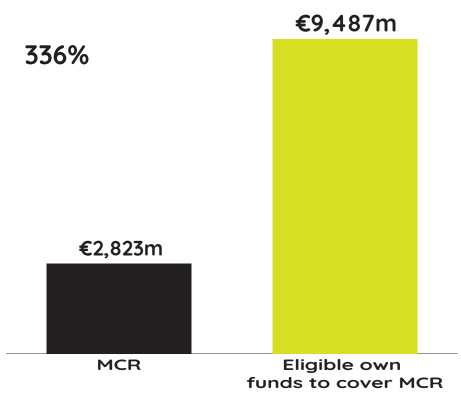
Capital management

- At 31 December 2022, the Group's capital requirements (MCR and SCR) were covered by eligible own funds.
- The SCR coverage ratio rose by 33 points over the year to 188% at 31 December 2022.
- Excess capital (vs. the SCR) grew by over €1,500 million, reflecting a €646 million increase in eligible own funds combined with a €913 million decrease in the SCR.

SCR COVERAGE RATIO



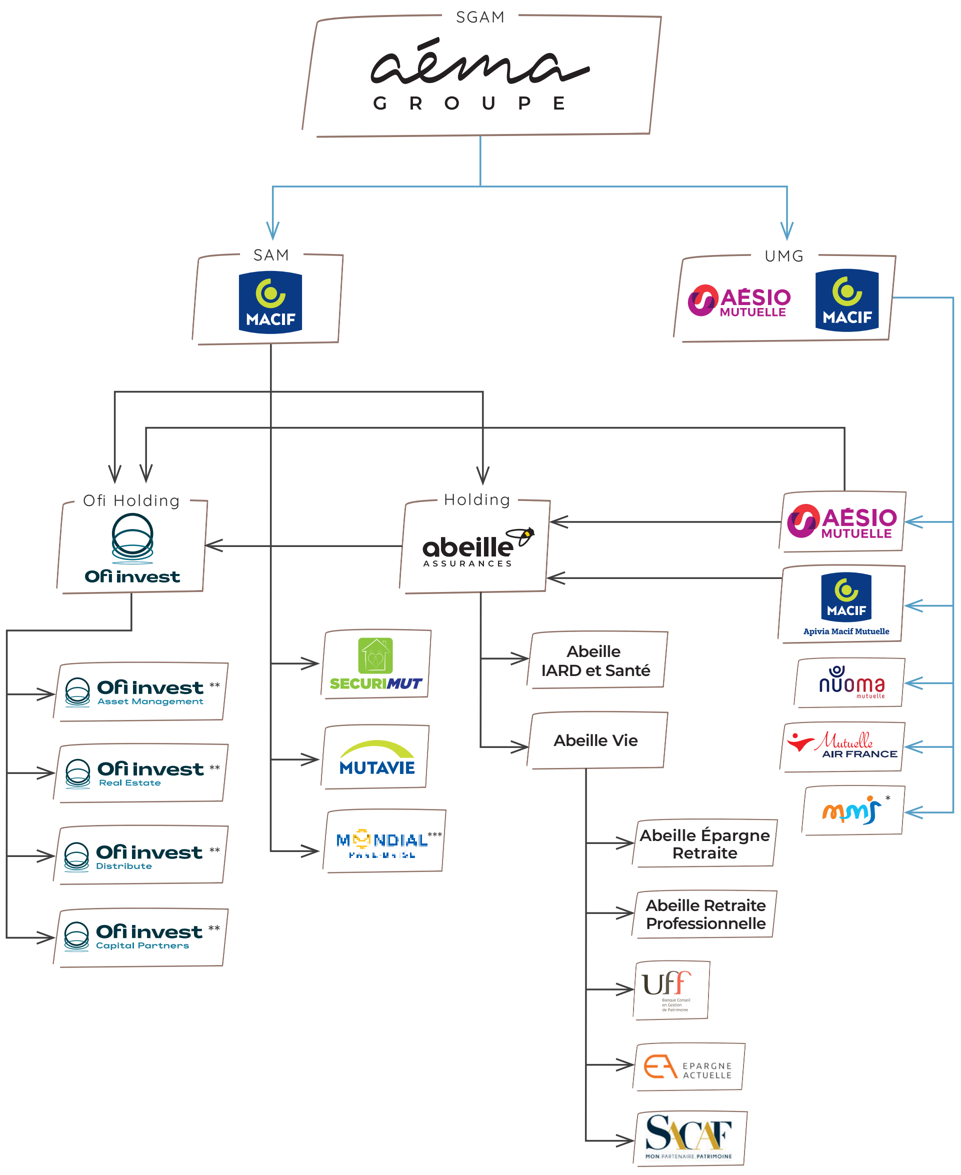
MCR COVERAGE RATIO



A. BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 PRESENTATION OF THE GROUP



Financial solidarity ties
Capital ties

Simplified organisational structure at 31 December 2022

> SGAM : Société de groupe d'assurance mutuelle
> SAM : Société d'assurance mutuelle
> UMG : Union mutualiste de groupe
> Ofi Invest : Pôle de gestion d'actifs

* affiliated as from 1 January 2023
** company name as from 1 January 2023
*** acquired on 10 February 2023

The role of parent company of the Aéma mutual insurance group is fulfilled by Aéma Groupe, a *société de groupe d'assurance mutuelle* governed by the French Insurance Code, which is tasked with:

- defining the Group's strategic focus;
- running the Group and in particular monitoring and overseeing implementation of the strategic plan and the achievement of defined strategic and performance objectives;
- ensuring that the strategic objectives of the Group's affiliated companies, sub-affiliated companies and other companies are consistent with the Group's strategy;
- organising the governance and running of the Group;
- coordinating financial solidarity between its affiliated companies;
- exercising effective control over the affiliated companies by means of reporting, audits and key functions.

Aéma Groupe builds and manages strong and lasting financial solidarity ties with its affiliated companies.

The Group's businesses are organised around four sectors:

- Property & Casualty;
- Health/Personal Risk;
- Savings/Retirement;
- Asset management.

AÉMA GROUPE AND ITS INSURANCE COMPANIES ARE SUPERVISED BY FRANCE'S BANKING AND INSURANCE SUPERVISOR, *AUTORITÉ DE CONTRÔLE PRUDENTIEL ET DE RÉSOLUTION* (ACPR).

The ACPR is responsible for ensuring the stability of the financial system and the protection of customers, policyholders, members and beneficiaries of the banking and insurance undertakings under its supervision.

All the Group's insurance companies are supervised by the ACPR.

The ACPR's head office is located at 4 place de Budapest, 75009 Paris.

EXTERNAL AUDITORS

The financial statements of Aéma Groupe are audited by:

	STATUTORY AUDITORS	
Aéma Groupe	Groupe Y[1]	Mazars[2]
Macif SAM	Groupe Y[1]	Mazars[2]
Abeille Vie	PwC[3]	Mazars[2]
AER	PwC[3]	Mazars[2]
ARP	PwC[3]	Mazars[2]
Abeille Iard & Santé	PwC[3]	Mazars[2]
Mutavie	Groupe Y[1]	
Macifilia	Groupe Y[1]	
Thémis	Mazars[2]	
AÉSIO Mutuelle	Groupe Y[1]	Grant Thornton[4]
Apivia Macif Mutuelle	Groupe Y[1]	Mazars[2]
MNPAF	Groupe Y[1]	
Nuoma	Groupe Y[1]	

1. Groupe Y: 53 rue du Marais - Niort (79)
2. Mazars: 61 rue Henri Regnault - Courbevoie (92)
3. PwC: 63, rue de Villiers – Neuilly (92)
4. Grant Thornton: 29, rue du Pont - Neuilly-sur-Seine (92)

A.1.2 SIGNIFICANT EVENTS OF THE YEAR

2022 marks the second year of the Group's existence, which has continued to build and succeed. The year was given over to the continued establishment and consolidation of the Group, and provided a further demonstration of its strong business and financial position. 2022 was also a very positive year for the Group's brands – Abeille Assurances successfully integrated into the Group, Macif SAM ramped up its development momentum, Aésio Mutuelle continued with its transformation and, lastly, the creation of Ofi Invest was finalised.

ECONOMIC AND FINANCIAL ENVIRONMENT

The year's economic and financial environment was shaped by a series of shocks (interest rate hikes, soaring inflation, falling stock markets, wider credit spreads), amplified by the consequences of the war in Ukraine.

AN EXCEPTIONAL LEVEL OF CLIMATE-RELATED CLAIMS

An exceptional level of climate-related claims was seen in 2022, resulting in a case load that was unparalleled since 1999 and storms Lothar and Martin. Mainland France was dogged by ten major weather events, with levels of business being particularly pronounced between mid-May and the start of September, during which time seven thunderstorms and intense hailstorms battered the country. The start of the year saw Northern France mopping up after several storms, including Eunice and Franklin which occurred in succession between 18 and 21 February.

CREATION OF OFI INVEST

On 19 September, Aéma Groupe took a step forwards in its strategic development with the launch of the Ofi Invest brand. The fourth pillar of the Group, Ofi Invest encompasses the business activities of Abeille AM, Abeille REIM, Aéma REIM and the Ofi group companies.

Building on this positioning in a sector undergoing fundamental change (development of sustainable finance, a new state of affairs in the interest rate markets, the growing importance of unlisted private assets and diversification portfolios, etc.), Aéma Groupe was keen to bring the various complementary strengths and areas of expertise together into a single dedicated asset management sector. The sector has more than 600 employees and is organised on the basis of a multi-expertise model:

- core portfolio management under the Ofi Invest Asset Management brand, incorporating asset allocation and investment solutions. This activity primarily involves teams from Ofi Asset Management and some of the teams from Abeille Asset Management. Assets under management for this business amount to €159 billion;
- diversification portfolio management: incorporating SWEN CP (private equity, mezzanine and infrastructure debt), ZENCAP AM (private debt), Syncicap AM (emerging markets) and Ofi Pierre (regulated real estate), this activity accounts for assets under management of €16 billion;
- real-estate portfolio management (unregulated only) under the Ofi Invest Real Estate brand: incorporating the Abeille REIM and Aéma REIM teams, with total assets under management for this business activity of €8 billion.

Backed by strong brands with a history of commitment to responsible finance, Ofi Invest is a leading player in socially responsible investment (SRI).

SUBORDINATED DEBT ISSUE

On 5 September 2022, Aéma Groupe announced the successful issue by Abeille Vie of €500 million of sustainable subordinated bonds, underlining the renewed investor confidence in the creditworthiness of the Group and its entities.

An amount equivalent to issue proceeds will be invested in green and socially responsible assets.

This fundraising round allows the Group to prepare for the forthcoming maturity of its previously issued subordinated debt, while maintaining a good level of financial flexibility.

COMMITMENTS TO REDUCE ENERGY CONSUMPTION

In 2022, the Group strengthened its energy efficiency policy and introduced an action plan to reduce its energy consumption beyond the objective set by the government. Its goal is to cut energy consumption by 15% by the end of 2023 compared with 2019.

This is vital in the current context of the heavy strain on the energy system and is consistent with the Group's commitments to promoting environmental protection. The Group's employees have been given information and encouraged to play their part, reducing their electricity use by adopting good practices (turning down the heating and air conditioning, dimming or adjusting lights, etc.). Adopting these practices has already helped to cut energy consumption significantly. The Group posted a decrease of more than 13% compared to 2019, with a significant reduction over the last two months of 2022.

A.2 Underwriting performance

Aéma Groupe's 2022 results include the results of Abeille Assurances for the whole year.
In 2021, Abeille Assurances contributed to the Group's results only in the fourth quarter, following its acquisition on 30 September 2021.
The 2021 figures in the tables in section A below, are taken from Aéma Groupe's 2021 annual report.

NET PROFIT BY SECTOR (IN THOUSANDS OF EUROS)

	2022				Total 2022	Total 2021	Change 2022/2021
	Property & Casualty	Savings/ Retirement	Health/ Personal Risk	Asset management			
Earned premiums	5,473,577	7,371,223	3,239,882	-	16,084,682	11,032,548	+5,052,134
Benefit expense*	(4,986,001)	(6,639,545)	(2,727,074)	-	(14,352,620)	(9,634,414)	-4,718,206
Gross margin	487,575	731,678	512,808	-	1,732,062	1,398,134	+333,928
Income/expenses net of reinsurance	385,379	(5,017)	(12,507)	-	367,855	(94,681)	+462,536
Net margin	872,954	726,661	500,300	-	2,099,916	1,303,453	+796,464
Management expenses	(1,024,808)	(749,660)	(531,801)	-	(2,306,269)	(1,485,630)	-820,639
Other technical income and expenses	(50,744)	183,359	(70,332)	55,215	117,498	19,272	+98,226
Technical margin	(202,598)	160,360	(101,833)	55,215	(88,855)	(162,906)	+74,050
Financial margin	185,953	20,183	54,836	39,567	300,539	367,803	-67,263
Other non-technical and non-financial income and expenses	(16,258)	(43,687)	(19,401)	(10,423)	(89,769)	(101,367)	+11,598
Net profit attributable to the Group	(32,903)	136,855	(66,397)	84,359	121,915	103,531	+18,384

* including unit-linked adjustments

The Group's earned premiums totalled €16,085 million in 2022, representing an increase of €5,052 million. This strong growth is based on changes in the scope of combination (inclusion of the Abeille Assurances sub-group over the full year) and organic growth, accounting for €5,026 million and €26 million respectively. Based on a constant scope, growth was 0.2%.

Net profit attributable to the Group totalled €122 million in 2022 vs. €104 million in 2021, an increase of €18 million.

The main balances contributing to Group results were as follows:

- The technical margin was a negative €89 million, compared to a negative €163 million for the previous financial year, representing a €74 million improvement. The Property & Casualty sector's technical margin deteriorated by €79 million in an environment shaped by a high level of claims (particularly climate-related), partly covered by reinsurance. The Health/Personal Risk sector's technical margin was a negative €102 million in 2022, corresponding primarily to losses on group insurance contracts. The Savings/Retirement sector's technical margin increased by €92 million in 2022, reflecting the contribution of Abeille's Life companies over the full year and an improvement in Mutavie's technical margin.
- Management expenses were well under control overall, with the increase recorded mainly due to the full-year contribution of the companies in the Abeille Assurances sub-group.
- The financial margin stood at €301 million, down €67 million over the year.

A.3 Investment performance

NET INVESTMENT INCOME (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
Investment income	1,810,038	854,041	+955,997
Investment expenses	(228,187)	(137,010)	-91,177
Capital gains and losses on disposals	(889,255)	216,294	-1,105,549
Change in impairment losses on investments	(276,855)	(36,678)	-240,177
Profit sharing	(115,201)	(528,844)	+413,643
Financial margin	300,539	367,803	-67,263

The financial margin stood at €301 million, down €67 million over the year. The growth in investment income reflected the full-year contribution of the companies in the Abeille Assurances sub-group. Conversely, capital gains on disposals fell sharply following the completion of bond disposal programmes designed to reposition the portfolios. Impairment losses on investments increased due to the fall in the stock markets at the end of the year. These elements led profit sharing to fall to €115 million in 2022 from €529 million in 2021.

A.4 Other income and expenses

OTHER INCOME AND EXPENSES (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
Other non-technical income and expenses	(26,790)	(32,730)	+5,940
Non-recurring income and expenses	17,146	9,661	+7,485
Income tax	(63,743)	(53,677)	-10,066
Other non-technical and non-financial income and expenses	(16,382)	(24,621)	+8,239
Other non-technical and non-financial income and expenses	(89,769)	(101,367)	+11,598

Other income and expenses represented a net expense of €90 million in 2022, representing a €12 million improvement compared to 2021.

The year-on-year change can mainly be explained as follows:

- Income tax was €64 million in 2022 vs. €54 million in 2021, an increase of €10 million over the year. It covers current tax recognised in the parent company financial statements and deferred tax recognised in the combined financial statements. Current tax expense declined to €23 million, primarily due to significantly reduced taxation of unrealised capital gains on collective investment undertakings. The impact of deferred taxes represented a tax expense of €41 million in 2022. This mainly reflects the decrease in deferred tax assets on deferred profit sharing.
- Non-recurring income and expenses represented net income of €17 million, compared to €10 million in 2021, an increase of €7 million. It included an €18 million benefit from the entry of the three asset management sector companies (Aéma REIM, Ofi Pierre and Zencap) into the scope of combination.

D. VALUATION FOR SOLVENCY PURPOSES

SOLVENCY II BALANCE SHEET AT 31 DECEMBER 2022
(IN THOUSANDS OF EUROS)

ASSETS	31 Dec. 2022
Goodwill	-
Deferred acquisition costs	-
Intangible assets	-
Deferred tax assets	2,536
Pension benefit surplus	-
Property, plant and equipment held for own use	916,868
Investments (other than assets held for index-linked and unit-linked contracts)	90,928,922
Assets held for index-linked and unit-linked contracts	25,184,188
Loans and mortgages	816,792
Reinsurance recoverables	1,824,187
Deposits to cedants	123,591
Insurance receivables	595,543
Reinsurance receivables	343,859
Receivables (trade, not insurance)	718,803
Own shares (held directly)	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	610,117
Any other assets, not elsewhere shown	62,233
TOTAL ASSETS	**122,127,639**

LIABILITIES	31 Dec. 2022
Technical provisions – non-life	8,338,716
Technical provisions – non-life (excluding index-linked and unit-linked)	69,578,203
Technical provisions – Index-linked and unit-linked	23,918,727
Contingent liabilities	4,827
Other provisions	65,626
Pension benefit obligations	223,658
Deposits from reinsurers	302,862
Deferred tax liabilities	1,009,082
Derivatives	1,044,146
Debts owed to credit institutions	176,905
Financial liabilities other than debts owed to credit institutions	2,795,005
Insurance payables	892,162
Reinsurance payables	672,516
Payables (trade, not insurance)	1,266,225
Subordinated liabilities	2,488,098
Any other liabilities, not elsewhere shown	5,961
TOTAL LIABILITIES	**112,782,720**

EXCESS OF ASSETS OVER LIABILITIES	**9,344,919**

The companies included in the Solvency II balance sheet of Aéma Groupe are listed in appendix 2 of the full French version of this report.

D.1 Assets

D.1.1 DESCRIPTION OF ASSET VALUATION PRINCIPLES AND METHODS

► Goodwill

Any goodwill in the French GAAP financial statements is not recognised as an asset in the Solvency II balance sheet. It is systematically reduced to zero for the determination of assets under Solvency II.

► Deferred acquisition costs

Any deferred acquisition costs in the French GAAP financial statements are not recognised as assets in the Solvency II balance sheet. They are systematically reduced to zero for the determination of assets under Solvency II.

► Intangible assets

Intangible assets are eliminated from the Solvency II balance sheet when no market value can be demonstrated. Intangible assets consist mainly of licences and leasehold rights. They are considered as having no realisable value.

► Deferred tax assets

Deferred taxes are determined for temporary differences between the values of assets and liabilities in the Solvency II balance sheet and their tax basis in the French GAAP financial statements, as well as for tax loss carryforwards.

► Property, plant and equipment held for own use

Property, plant and equipment held for own use includes offices, equipment and furniture. Property held for own use is measured at its realisable value in the Solvency II balance sheet. Equipment is measured at its carrying amount in the French GAAP financial statements, i.e., at residual value net of depreciation at the balance sheet date.

► Property (other than for own use)

Investment property (excluding shares in non-trading property companies which are classified as equities) is valued in the Solvency II balance sheet at its appraisal value at the balance sheet date. Appraisal values are determined on the basis of five-yearly independent valuations, which are updated annually by an independent valuer; they reflect the properties' market value and value in use, in an active market.

► Holdings in related undertakings and other participations

Listed participations in related insurance and reinsurance undertakings are valued in the Solvency II balance sheet using the same method as for listed equities, described below.

Unlisted participations in related insurance and reinsurance undertakings are valued using the adjusted equity method whereby the excess of assets over liabilities of the related undertaking is determined by valuing each asset and liability according to Solvency II principles.

Unlisted participations in related undertakings other than insurance or reinsurance undertakings are also valued in the Solvency II balance sheets on a standalone basis using the adjusted equity method. In the Group Solvency II balance sheet, they are valued based on sector own funds where appropriate.

► Equities

This category consists solely of equities held directly, including shares in non-trading property companies. A distinction is made between listed and unlisted equities according to whether they can be traded on a stock exchange or not. Equities are measured in the Solvency II balance sheet at their fair value at the balance sheet date.

For an instrument quoted on an active market, the value in the Solvency II balance sheet is the closing price quoted for the instrument on the last trading day of the reporting period. An instrument is considered as quoted on an active market:

- if prices are readily and regularly available from an exchange, broker, dealer, industry, pricing service or regulatory agency; and
- if such prices represent actual and regularly occurring market transactions on an arm's length basis.

For an instrument quoted on an inactive market, the balance sheet value is obtained from internal models based on observable market parameters. The assessment of the inactive nature of a market is based on indicators such as a significant decline in trading volume, the wide dispersion of available prices or the age of the most recent transactions.

The balance sheet value of unlisted financial instruments is determined using valuation techniques appropriate to the type of instrument concerned. These techniques include using:

- the quoted price on an active market for similar assets, as adjusted to take account of the differences compared to the instrument being valued;
- alternative valuation methods (reference to the current fair value of another substantially identical instrument, discounted cash flow analysis, replacement cost approach).

► Bonds

Bonds are measured in the Solvency II balance sheet at their fair value at the balance sheet date. For listed securities, fair value corresponds to the closing price quoted on the last trading day of the reporting period, obtained from financial data providers. For unlisted securities, or securities for which a quoted price is not available from the data providers, values are obtained from asset managers or counterparties or using alternative valuation methods.

For solvency valuation purposes, these fair values include accrued interest at the balance sheet date (dirty price).

► Collective investment undertakings

Collective investment undertakings comprise investments governed by the Undertakings for Collective Investment in Securities (UCITS) Directive or Alternative Investment Fund Managers (AIFM) Directive. They may be invested in property, shares, money market products or bonds.

Investment funds are measured in the Solvency II balance sheet at their fair value at the balance sheet date. UCITS and property funds are measured at the latest available net asset value at the balance sheet date. The fair value of shares in non-trading property investment companies is determined by reference to the most recent known transaction price at the balance sheet date. For shares in property companies that are equivalent to alternative investment funds (AIFs), fair value is determined on the basis of the last known net asset value if the company is listed, or adjusted net asset value if it is not listed.

► Derivatives

Derivatives are financial instruments whose value depends on the value of other assets (securities, market indices, etc.) and which can be used either to mitigate the consequences of an unfavourable market trend or to amplify the effect of an investment by anticipating an expected change. Derivatives are measured in the Solvency II balance sheet at their fair value at the balance sheet date.

Most of this amount is excluded from the French GAAP balance sheet, which is prepared on a historical cost basis.

► Assets held for index-linked and unit-linked contracts

As with all other investments, Assets held for unit-linked contracts are measured in the Solvency II balance sheet at their fair value at the balance sheet date.

► Cash and cash equivalents

This item corresponds to liquid assets (mainly cash at bank) that are virtually unaffected by changes in value. Their value for solvency purposes is the same as that used in the French GAAP financial statements, i.e., their face value at the balance sheet date.

► Deposits other than cash equivalents

These deposits are assets that are subject to only insignificant changes in value.
Their value in the Solvency II balance sheet is the same as that used in the French GAAP financial statements, i.e., their face value at the balance sheet date plus accrued interest.

► Deposits to cedants

These deposits are liquid assets that are subject to only insignificant changes in value. Their value for solvency purposes is the same as that used in the French GAAP financial statements, i.e., their face value at the balance sheet date.

► Loans, other loans

These items are assets that are subject to only insignificant changes in value. Their value in the Solvency II balance sheet is the same as that used in the French GAAP financial statements, i.e., their face value at the balance sheet date plus accrued interest.

► Loans on policies

Loans on policies are inseparable from the related policies and they are valued for solvency purposes in the same way as in the French GAAP financial statements.

► Insurance and reinsurance receivables

Under Solvency II, these receivables are maintained at their net book value in the French GAAP balance sheet if they are due within one year. Only receivables relating to premiums due after the year-end or to monthly premiums are cancelled.

► Receivables (trade, not insurance)

In the Solvency II balance sheet, other receivables not related to the insurance business (employee advances, prepaid and recoverable taxes and levies, and miscellaneous receivables) are maintained at their net book value in the French GAAP balance sheet because they are due within one year. Prepaid employee benefits are reclassified as a deduction from pension benefit obligations.

► Any other assets, not elsewhere shown

This caption covers accruals (prepaid expenses, bond discounts, etc.). Translation gains and losses are eliminated from the Solvency II balance sheet.

D.1.2 VALUATION OF ASSETS (INVESTMENTS AND OTHER ASSETS)

VALUATION OF ASSETS AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

ASSETS	Solvency II	French GAAP	Difference
Goodwill	-	89,009	(89,009)
Deferred acquisition costs	-	452,956	(452,956)
Intangible assets	-	510,482	(510,482)
Deferred tax assets	2,536	276,398	(273,862)
Pension benefit surplus	-	-	-
Property, plant and equipment held for own use	916,868	673,060	243,808
Investments (other than assets held for index-linked and unit-linked contracts)	90,928,922	103,638,903	(12,709,981)
Property (other than for own use)	3,076,318	2,532,449	543,869
Holdings in related undertakings and other participations	1,438,925	454,550	984,375
Equities	2,945,988	3,148,511	(202,523)
Bonds	59,930,407	73,057,198	(13,126,791)
Collective investment undertakings	22,336,153	23,186,041	(849,888)
Derivatives	156,917	22,782	134,135
Deposits other than cash equivalents	1,044,213	1,237,373	(193,160)
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	25,184,188	28,281,667	(3,097,479)
Loans and mortgages	816,792	1,112,046	(295,254)
Loans on policies	689,161	689,161	-
Loans and mortgages to individuals	198	198	-
Other loans and mortgages	127,433	422,687	(295,254)
Reinsurance recoverables	1,824,187	2,547,683	(723,496)
Deposits to cedants	123,591	123,643	(52)
Insurance receivables	595,543	1,777,568	(1,182,025)
Reinsurance receivables	343,859	331,680	12,179
Receivables (trade, not insurance)	718,803	848,733	(129,930)
Own shares (held directly)	-	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-	-
Cash and cash equivalents	610,117	733,480	(123,363)
Any other assets, not elsewhere shown	62,233	148,637	(86,404)
TOTAL ASSETS	**122,127,639**	**141,545,945**	**(19,418,306)**

The €19,418 million difference between total assets under Solvency II and French GAAP is due to:

- an €11,966 million valuation difference related to the change in standards;
- a €7,452 million difference related in particular to the change in combination method for the insurance companies.

The main differences were as follows:

- negative difference of €15,859 million related to investments (property, plant and equipment held for own use, investments, assets held for unit-linked contracts, loans and mortgages and deposits to cedants), including an €8,875 million valuation difference and a €6,984 million methodological difference (mainly concerning Abeille Retraite Professionnelle);
- negative difference of €1,182 million related to insurance receivables, corresponding for the most part to the cancellation of receivables for premiums that are due after the year-end;
- negative difference of €1,052 million corresponding to intangible assets not recognised under Solvency II.

D.2 Technical provisions

D.2.1 TECHNICAL PROVISION MEASUREMENT METHODOLOGY

Under Solvency II, the value of technical provisions corresponds to the discounted present value of the amount an insurance or reinsurance undertaking would have to pay if it transferred its contractual rights and obligations immediately to another undertaking.

They are calculated as the sum of the best estimate and the risk margin.

The best estimate of technical provisions corresponds to the company's estimated obligations towards its policyholders. It is equal to the average value of future cash flows weighted by their probability of occurrence, taking into account the time value of money as estimated using the relevant risk-free interest rate term structure.

The future cash flows correspond to the respective obligations of the insurer and the policyholders over the life of the contracts in the portfolio:

- the cash flows payable by the insurer (claims settlements, benefit payments and expenses) are added to the best estimate of technical provisions;
- the cash flows receivable by the insurer (premiums, recoveries and reinsurance settlements) are deducted from the best estimate of technical provisions.

Discounting is the process of determining the present value of cash flows that will occur in the future. The discounting adjustment is based on the risk-free interest rate term structure at 31 December 2022.

The risk margin is added to the best estimate of technical provisions. It corresponds to the cost of locking in an amount of capital equal to the solvency capital required to meet insurance and reinsurance liabilities. The regulations provide simplified calculation methods. Group companies use different methods, which are described in the chapters of this report concerning each company.

Technical provisions in the Group's Solvency II balance sheet correspond to the sum of the provisions of the insurance companies included in the scope of combination as restated to exclude intra-group reinsurance transactions. Best estimates of gross technical provisions and reinsurance recoverables are calculated at the level of each Group company.

1. VOLATILITY ADJUSTMENT

According to Article R.351-6 of the French Insurance Code, insurance and reinsurance undertakings may apply a volatility adjustment to the risk-free interest rate term structure for the calculation of the best estimate of their obligations. The adjustment is based on the spread between the interest rate that could be earned from assets included in a reference portfolio and the rates of the relevant basic risk-free interest rate term structure.

The volatility adjustment is not subject to prior authorisation by the ACPR but can only be applied under certain conditions. At 31 December 2022, six Group companies[1] fulfilled these conditions and applied the volatility adjustment, estimated at 19 basis points.
The effect of not applying the volatility adjustment would be:

- a €288 million increase in the Group's net technical provisions;
- a €193 million decrease in own funds eligible to cover the SCR, mainly due to the increase in technical provisions;
- a €179 million increase in the SCR, mainly reflecting the increase in the market risk SCR and the decrease in the loss absorption capacity of deferred taxes, leading to an 8-point decline in the SCR coverage ratio;

1 *Macif SAM, Mutavie, Apivia Macif Mutuelle, Abeille Vie, Abeille Épargne Retraite, Abeille IARD & Santé*

► a €56 million increase in the MCR, leading to a 7-point decline in the MCR coverage ratio after taking into account the €193 million decrease in eligible own funds.

2. MATCHING ADJUSTMENT

The matching adjustment referred to in Article R.351-4 of the French Insurance Code is not compatible with the volatility adjustment and it is therefore not used in the Solvency II valuations of the Group and its insurance companies.

3. TRANSITIONAL MEASURES RATES AND PROVISIONS

Aéma Groupe and its insurance companies do not apply either the transitional risk-free interest rate term structure referred to in Article L.351-4 of the French Insurance Code, or the transitional deduction from technical provisions referred to in Article L.351-5 of said Code.

D.2.2 GROSS TECHNICAL PROVISIONS AND REINSURANCE RECOVERABLES

Non-life		Life		Unit-linked liabilities
Non-life excl. health	Health similar to non-life	Life excl. health and unit-linked liabilities	Health similar to life	Unit-linked liabilities

TECHNICAL PROVISIONS AT 31 DECEMBER 2022 BY BUSINESS LINE (IN THOUSANDS OF EUROS)

	Best estimate of gross technical provisions	Risk margin	Solvency II gross technical provisions	Best estimate of reinsurance recoverables	Solvency II net technical provisions
Health similar to non-life	1,159,763	73,109	1,232,872	(85,902)	1,146,970
Non-life	6,761,014	344,830	7,105,844	(1,589,936)	5,515,908
Health similar to life	1,066,860	74,368	1,141,228	(119,642)	1,021,586
Life	67,106,301	1,330,673	68,436,975	(28,707)	68,408,268
Unit-linked liabilities	23,264,082	654,646	23,918,727	-	23,918,727
TOTAL	99,358,021	2,477,626	101,835,646	(1,824,187)	100,011,459

Gross technical provisions before reinsurance and including the risk margin, amounted to €101,836 million at 31 December 2022. The risk margin was €2,478 million, representing 2.4% of the total.

Reinsurance recoverables amounted to €1,824 million, or 1.8% of the best estimate of gross technical provisions.

The reinsurance treaties mainly cover non-life risks. Technical provisions net of reinsurance at 31 December 2022 totalled €100,011 million.

The difference between the sum of the provisions of the individual companies and the Group total is due to the neutralisation of intra-group transactions.

D.2.3 DIFFERENCES BETWEEN THE VALUATION OF TECHNICAL PROVISIONS UNDER SOLVENCY II AND FRENCH GAAP

IMPACT OF THE TRANSITION TO SOLVENCY II AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Solvency II net technical provisions	French GAAP technical provisions	Impact of transition to Solvency II
Technical provisions net of reinsurance	97,533,833	124,315,026	(26,781,193)
Risk margin	2,477,626	-	2,477,626
TOTAL	100,011,459	124,315,026	(24,303,567)

The Group's Solvency II net technical provisions are €26,781 million lower than under French GAAP, or €24,304 million lower after taking into account the risk margin.

D.2.4 UNCERTAINTY CONCERNING THE AMOUNT OF TECHNICAL PROVISIONS

In order to measure the uncertainty arising from the use of assumptions in the calculation of technical provisions, sensitivity tests are carried out by the Group companies on the calculation assumptions deemed to be the most uncertain (see the chapters of this report concerning the individual companies).

Tests are also performed to assess the sensitivity of the estimate of Group technical provisions to market assumptions. They show that the Group's technical provisions are sensitive to changes in the interest rate term structure.

D.3 Other liabilities

D.3.1 DESCRIPTION OF THE VALUATION AND PRESENTATION METHODS FOR OTHER LIABILITIES

► Contingent liabilities

Each off-balance sheet item under French GAAP is analysed using a decision tree to determine whether it corresponds to a significant potential obligation without any counterparty. If this is the case, it is recognised as a contingent liability in the Solvency II balance sheet for its off-balance sheet value.

► Other provisions

This caption mainly includes provisions for risks and expenses, provisions for claims and litigation, provisions for foreign exchange losses and other provisions for contingencies. These provisions are recorded in the Solvency II balance sheet at their value in the French GAAP balance sheet, as the effect of the time value of money is not considered material and no discounting adjustment is required. Any negative goodwill recognised under this caption in the French GAAP balance sheet is measured at zero in the Solvency II balance sheet.

► Pension benefit obligations

This caption includes post-employment benefits and other long-term employee benefits (Art. 39 pensions, seniority leave, time savings accounts, length-of-service awards payable on retirement, time savings funds), as well as provisions for payroll taxes due on the liabilities. The provisions take into account actuarial differences not recognised in the French GAAP balance sheet.

► Cash deposits from reinsurers

Cash deposits from reinsurers are maintained at their French GAAP value in the Solvency II balance sheet.

► Deferred tax liabilities

Deferred taxes are determined for temporary differences between the values of assets and liabilities in the Solvency II balance sheet and their tax basis in the French GAAP financial statements, as well as for tax loss carryforwards. In accordance with the provisions of France's current Finance Act, the calculation of deferred taxes at the end of 2022 is based on a rate of 25.83% except for strategic investments (3.10%).

► Derivatives

The valuation method is the same as for derivatives recorded as assets.

► Debts owed to credit institutions

Debts owed to credit institutions include both bank accounts with a net credit balance grouped by bank and bank borrowings. In principle, there is no difference in valuation between the Solvency II balance sheet and the French GAAP balance sheet.

► Financial liabilities other than debts owed to credit institutions

Financial liabilities other than debts owed to credit institutions include unsubordinated bonds issued by the Group and borrowings from lenders other than credit institutions. Financial liabilities are measured at nominal value. Any difference between the Solvency II and French GAAP balance sheets is due to the application of IFRS 16 (leases).

► Insurance payables

This item includes specifier commissions and liabilities towards co-insurers, as well as inward reinsurance liabilities. Under Solvency II, insurance payables are generally maintained at historical cost when they are due within one year. A first minor exception concerns liabilities towards co-insurers, which are remeasured in line with the valuation of the related technical provisions. The second exception concerns certain insurance payables that are remeasured in application of Solvency II.

► Reinsurance payables

Reinsurance payables are maintained at their French GAAP net book value when they are due within one year.

► Payables (trade, not insurance)

Payables (trade, not insurance) due within one year are generally maintained at their French GAAP net book value. There is no fundamental difference between the Solvency II and French GAAP valuations. A noteworthy exception is the transition to an economic valuation under Solvency II, which applies to certain specific life insurance contracts.

► Subordinated liabilities

In the Solvency II balance sheet, the Group's subordinated debt is measured at present value, using a discount rate corresponding to the risk-free interest rate term structure plus the issue-date spread. In the French GAAP balance sheet, subordinated debt is stated at amortised cost.

► Any other liabilities, not elsewhere shown

This caption corresponds to accruals (deferred income, bond premiums, etc.).

D.3.2 VALUATION OF OTHER LIABILITIES

VALUATION OF OTHER LIABILITIES AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Contingent liabilities	4,827	-	4,827
Other provisions	65,626	76,139	(10,513)
Pension benefit obligations	223,658	273,654	(49,997)
Deposits from reinsurers	302,862	302,862	-
Deferred tax liabilities	1,009,082	20,415	988,667
Derivatives	1,044,146	352,208	691,938
Debts owed to credit institutions	176,905	193,085	(16,180)
Financial liabilities other than debts owed to credit institutions	2,795,005	2,832,828	(37,823)
Insurance payables	892,162	301,774	590,388
Reinsurance payables	672,516	903,716	(231,201)
Payables (trade, not insurance)	1,266,225	1,364,506	(98,280)
Subordinated liabilities	2,488,098	2,814,773	(326,675)
Subordinated liabilities not included in basic own funds	-	-	-
Subordinated liabilities included in basic own funds	2,488,098	2,814,773	(326,675)
Any other liabilities, not elsewhere shown	5,961	76,609	(70,648)
Total excluding subordinated liabilities and deferred tax liabilities	**7,449,894**	**6,677,382**	**772,512**
TOTAL	**10,947,074**	**9,512,570**	**1,434,504**

The €1,435 million difference between the Solvency II and French GAAP columns is due to:

► The €1,972 million positive valuation difference arising from the change in standards.

This difference is mainly composed of:

- the recognition of deferred tax liabilities (€1,003 million related to the transition from French GAAP to Solvency II);
- the reclassification under Solvency II of certain life outstanding claims from technical provisions to insurance payables due to the certain nature of the liabilities. This is consistent with the presentation of the reinsurers' share of life outstanding claims on the assets side of the balance sheet. The reclassified amount was €595 million at 31 December 2022.

► A €537 million negative difference related to the change of combination method for the insurance companies.

Deferred tax liabilities

Deferred taxes are determined for temporary differences between the values of assets and liabilities in the Solvency II balance sheet and their tax basis in the French GAAP financial statements, as well as for tax loss carryforwards. Solvency II restatements also generate deferred tax liabilities.

SOURCES OF DEFERRED TAXES AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Tax
French GAAP/Solvency II valuation differences – Assets	(2,174,316)
French GAAP/Solvency II valuation differences – Liabilities	3,565,083
Effect of temporary differences – French GAAP	(381,685)
Deferred tax liabilities	**1,009,082**

Subordinated liabilities

The Group's subordinated liabilities was issued by Macif SAM and, more recently, by Abeille Vie for €500 million in September 2022.

SUBORDINATED DEBT AT 31 DECEMBER 2022

	Solvency II	French GAAP	Difference
2013 redeemable subordinated notes	417,862	417,962	(99)
2014 perpetual subordinated notes	121,196	125,548	(4,352)
2021 redeemable subordinated notes	1,105,236	1,361,203	(255,967)
2021 perpetual subordinated notes	337,772	400,385	(62,613)
2022 redeemable subordinated notes	506,031	509,675	(3,643)
TOTAL	**2,488,098**	**2,814,773**	**(326,675)**

At 31 December 2022, the value of subordinated liabilities under Solvency II was €2,488 million. The difference of €327 million vs. the French GAAP balance sheet reflects the measurement of subordinated liabilities at fair value under Solvency II.

Total subordinated liabilities of €2,488 million comprises two categories of securities issued on four different dates. Their characteristics are summarised in the table below:

	Macif SAM					Abeille Vie
Description	Perpetual subordinated notes	Redeemable subordinated notes	Perpetual subordinated notes	Redeemable subordinated notes		Redeemable subordinated notes
Issue date	6 Oct. 2014	8 March 2013/ 26 June 2013	21 June 2021	21 June 2021		5 Sept. 2022
Duration	Perpetual, with early redemption option from 6 Oct. 2024	10 years	Perpetual, with early redemption option (6-month call until 21 June 2029)	31 years, with early redemption option (3-month call until 21 June 2032)	6 years	11 years
Currency	Euro					Euro
Amount (in € thousands)	124,400	400,000	400,000	850,000	500,000	500,000
Number of securities	1,244	4,000	4,000	8,500	5,000	5,000
Nominal value	100	100	100	100	100	100
Nominal rate	Fixed rate of 3.916% until 6 Oct. 2024 then 3-month Euribor + 380 bps	5.50%	Fixed rate of 3.5% until 21 June 2029 then 5-year EUR mid-swap +359 bps	Fixed rate of 2.125% until 21 June 2032 then 3-month Euribor + 305 bps	Fixed rate of 0.625%	Fixed rate of 6.25%
Redemption price	Nominal value	Nominal value	Nominal value	Nominal value	Nominal value	Nominal value
Issue costs (in € thousands)	578	1,091	3,972	5,252	2,839	5,970
Amortisation	-	Redemption at par on 8 March 2023	-	Redemption at par on 21 June 2052	Redemption at par on 21 June 2027	Redemption at par on 9 Sept. 2033
Value under Solvency II (in € thousands)	121,196	417,862	337,772	672,338	432,898	506,031

E.1 Own funds

The Group's own funds are derived from the capital of the companies included in the scope of combination

E.1.1 OWN FUNDS MANAGEMENT POLICY

The capital management policy was validated by Aéma Groupe's Board of Directors on 18 November 2022.

1. OWN FUNDS MANAGEMENT POLICY OBJECTIVES

The purpose of the own funds management policy is to define the common principles for the management of eligible own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), in terms of both amount and quality, as well as the associated governance principles, with a view to optimising SCR and MCR coverage ratios and the Group's excess capital.

The policy describes:

- the involvement of the various players in the capital management process;
- the regulatory own funds assessment and monitoring process;
- the own funds management process, including the processes governing the management of subordinated debt;
- the monitoring of financial solidarity mechanisms applicable to solvency capital.

2. REGULATORY OWN FUNDS ASSESSMENT AND MONITORING PROCESS

At each regular assessment of regulatory own funds, basic own funds are determined through the preparation of a Solvency II balance sheet. They are then classified into tiers (tiers 1, 2 and 3 and restricted tier 1) in accordance with the regulations. Lastly, compliance with capital limits is checked.

Determination of the Group's own funds takes into account an analysis of the unavailable own funds of the companies on a standalone basis.

3. OWN FUNDS MANAGEMENT PROCESS

The Group's main sources of own funds to meet its requirements are its accumulated profits and the subordinated debt raised on the financial markets.

The Group's five-year economic and financial trajectory (based on French GAAP and Solvency II) is updated at least once a year. The trajectory is used to plan subordinated debt issues.

Macif SAM issued €1,750 million worth of subordinated debt on the market to finance the acquisition of Aviva France on 30 September 2021.

The Group's other external subordinated debt (issued in 2013 and 2014 by Macif SAM for €400 million and €124.4 million respectively) is subject to Solvency II transitional measures.

In September 2022, Abeille Vie issued €500 million worth of subordinated debt on the market to refinance earlier issues that were coming up to maturity.

4. FINANCIAL SOLIDARITY MECHANISMS

The strong and lasting financial relationships mentioned in the Aéma Groupe affiliation agreements are evidenced by the Group's financial solidarity mechanism which combines a preventive mechanism and a support mechanism.
The procedures for implementing and monitoring these financial solidarity mechanisms are described in the affiliation agreements between Aéma Group and its affiliates on the one hand, and between UMG and its member companies on a standalone basis, on the other.

E.1.2 COMPOSITION OF SOLVENCY II OWN FUNDS

The own funds eligible to cover the Solvency Capital Requirement are based on the Solvency II balance sheet. They correspond to the sum of basic own funds and ancillary own funds subject to approval by the ACPR.

Basic own funds are presented in the following table:

SOLVENCY II BASIC OWN FUNDS

Solvency II own funds	French GAAP own funds	Other own funds
Ordinary shares	Share capital	
Additional paid-in capital	Additional paid-in capital	
Initial own funds	Initial capital	
Excess own funds		Life profit-sharing reserve
Reconciliation reserve	Capitalisation reserve	
	Other reserves	
	Net profit for the year	
	Retained earnings	
		Solvency II remeasurement of assets and liabilities
Subordinated debt		Subordinated debt
Dividends		Deduction of expected dividends

Pursuant to the decrees of 24 December 2019 (for life insurance companies) and 21 September 2020 (for mutual insurers and employee benefits institutions), part of the profit-sharing reserve is included in eligible excess own funds to cover the Solvency Capital Requirement and the Minimum Capital Requirement.

Ancillary own funds consist of items other than basic own funds which can be used to absorb losses.

DIFFERENCES BETWEEN OWN FUNDS UNDER FRENCH GAAP (FG) AND OWN FUNDS UNDER SOLVENCY II (SII) AT 31 DECEMBER 2022 (IN MILLIONS OF EUROS)

Available Solvency II own funds amounted to €11,566 million at 31 December 2022, representing €6,395 million more than under French GAAP, with:

- the remeasurement of assets and liabilities adding €2,994 million;
- inclusion in surplus own funds of the profit-sharing reserves of Mutavie, Abeille Vie, AER and Apivia Macif Mutuelle adding €1,207 million;
- subordinated debt issues on the market adding €2,488 million, or 21% of Solvency II own funds;
- own funds not available to the Group (€268 million or 2%) corresponding mainly to Mutavie's profit-sharing reserve, which is included in the Group's own funds only up to the amount of Mutavie's contribution to the SCR.

E.1.3 QUALITY OF OWN FUNDS

Regulatory own funds are classified into three tiers, depending on their quality and loss-absorbing capacity. Only those items that meet the eligibility criteria applicable to each tier are eligible to cover the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR).

SOLVENCY II OWN FUNDS AVAILABLE OVER THE LAST TWO YEARS (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
Tier 1 basic own funds	8,921,929	8,462,529	+459,400
Unrestricted Tier 1 own funds	8,462,962	7,936,417	+526,545
Restricted Tier 1 own funds	458,968	526,112	-67,145
Tier 2 own funds	1,596,879	1,276,627	+320,253
Tier 2 basic own funds	1,596,232	1,275,955	+320,277
Tier 2 ancillary own funds	647	671	-25
Tier 3 own funds	435,013	509,162	-74,149
Own funds of other financial sectors	612,122	671,593	-59,471
TOTAL	11,565,943	10,919,911	+646,032

The Group's Solvency II own funds stood at €11,566 million at 31 December 2022, an increase of €646 million including €500 million of subordinated debt issued by Abeille Vie on the markets.

At 31 December 2022, 77% of the Group's Solvency II own funds was classified as Tier 1. Perpetual subordinated debt, representing 4% of own funds, is classified as restricted Tier 1:

- in accordance with the transitional measures applicable to the 2014 issue (valued at €121 million);
- in line with Solvency II criteria for the 2021 issue (valued at €338 million).

Basic Tier 2 own funds (14% of own funds for €1,597 million) consist of redeemable subordinated debt, including:

- the 2013 issue classified as Tier 2 in application of the transitional measures (€418 million);
- the 2021 and 2022 issues classified as Tier 2 in line with Solvency II criteria (respectively €672 million and €506 million).

Tier 2 ancillary own funds correspond to Macif SAM's ability to call for contributions from its members to avoid falling into a loss-making situation, as provided for in its articles of association.

Tier 3 own funds consist of the 2021 redeemable subordinated debt issue (valued at €433 million at 31 December 2022) and net deferred tax assets.

The own funds of the other financial sectors (5% of the Group's own funds) come from the institution for occupational retirement provision (ARP) and the Group's banks and financial institutions.

E.1.4 ELIGIBLE OWN FUNDS TO COVER THE SCR AND MCR

Quantitative eligibility requirements or limits are set for each tier of own funds, to ensure that the SCR and MCR are covered for the most part by capital of the highest quality. In particular, at least 50% of the SCR and 80% of the MCR must be covered by Tier 1 own funds.

ELIGIBLE OWN FUNDS TO COVER THE GROUP'S SCR

In 2022, all Solvency II capital requirements were met. The Group's total available Solvency II own funds of €11,566 million at 31 December 2022 were eligible to cover the SCR.

ELIGIBLE OWN FUNDS TO COVER THE GROUP'S MCR

Own funds eligible to cover the MCR consist of basic Tier 1 and Tier 2 own funds within certain limits. Basic Tier 2 own funds eligible to cover the MCR was limited to €565 million at 31 December 2022. Eligible own funds to cover the MCR amounted to €9,487 million at 31 December 2022.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The Minimum Capital Requirement (MCR) is the minimum amount of capital that must be held by an insurer.

The Solvency Capital Requirement (SCR) is the amount of capital that allows a company to absorb large unexpected losses and limit the probability of financial ruin to once every 200 years. The SCR can be calculated using either a standard formula, calibrated uniformly for all companies in the European market or an internal model, or a combination of both. Aéma Groupe uses the standard formula.

E.2.1 CHANGES IN SCR AND MCR

CHANGES IN SCR AND MCR OVER THE LAST TWO YEARS (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
Market risk SCR	3,874,692	5,246,288	-1,371,596
Counterparty risk SCR	248,603	247,746	+857
Life underwriting risk SCR	2,377,922	1,262,519	+1,115,403
Health underwriting risk SCR	741,454	790,652	-49,198
Non-life underwriting risk SCR	1,895,871	1,907,615	-11,744
Diversification between modules	(3,071,240)	(2,694,005)	-377,235
Intangible asset risk SCR	0	(0)	0
Basic SCR	6,067,303	6,760,815	-693,513
Operational risk SCR	572,529	640,921	-68,392
Loss-absorbing capacity of deferred taxes	(825,802)	(824,211)	-1,591
Diversified SCR	5,814,030	6,577,525	-763,495
SCR for entities not controlled by the Group	52,352	46,502	+5,850
SCR for other financial sectors	282,470	271,226	+11,243
Capital add-on	-	166,609	-166,609
Total Group SCR	6,148,851	7,061,863	-913,011
MCR	2,822,959	3,341,796	-518,837

At 31 December 2022, Aéma Groupe's SCR was €6,149 million, a decrease of €913 million compared to 31 December 2021.

The changing market environment is the main factor explaining this decline. Rising interest rates and the fall in stock market prices reduced the market risk SCR, while the life underwriting risk SCR increased.

At end-2021, a capital add-on was applied to the Group's SCR in an amount of €167 million in connection with a model adjustment. This requirement had been removed at end-2022.

E.2.2 SCR AND MCR COVERAGE RATIOS

The Group's SCR coverage ratio rose to 188% at 31 December 2022 from 155% at the previous year-end. The 33-point improvement was driven by a €646 million increase in eligible own funds and a €913 million decrease in the SCR.

The MCR was 63 points higher at 336%.

E.3 Use of the duration-based equity risk sub-module for the SCR calculation

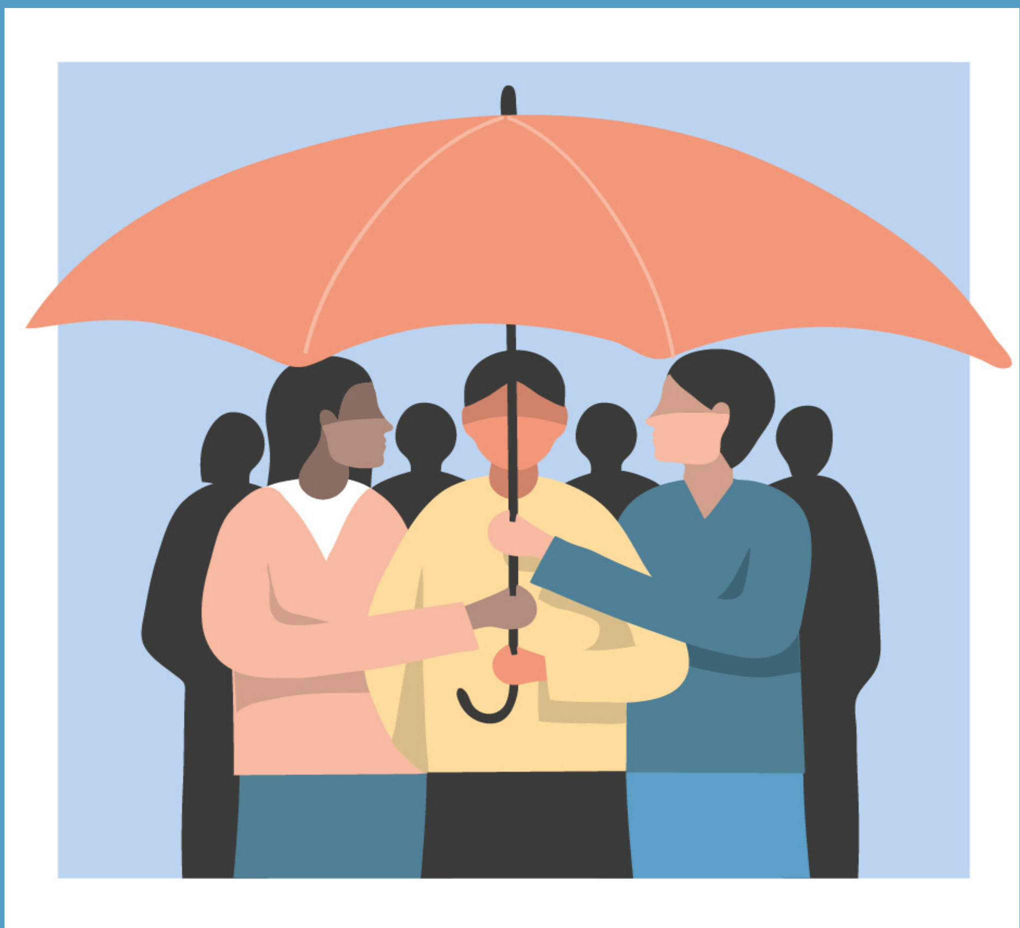
Aéma Groupe and its insurance companies do not use the duration-based sub-module for the calculation of the equity risk SCR.

E.4 Differences between the standard formula and any internal model used

Aéma Groupe and its insurance companies do not use any internal models or partial internal models.

E.5 Non-compliance with the MCR and non-compliance with the SCR

Aéma Groupe and its insurance companies complied with the MCR and SCR over the reporting period, with SCR and MCR coverage by eligible Solvency II own funds in excess of 100% at each regulatory deadline in 2022.



Macif SAM

D. VALUATION FOR SOLVENCY PURPOSES

SOLVENCY II BALANCE SHEET AT 31 DECEMBER 2022
(IN THOUSANDS OF EUROS)

ASSETS	31 Dec. 2022
Intangible assets	-
Deferred tax assets	-
Pension benefit surplus	-
Property, plant and equipment held for own use	852,043
Investments (other than assets held for index-linked and unit-linked contracts)	15,311,859
Assets held for index-linked and unit-linked contracts	-
Loans and mortgages	27
Reinsurance recoverables	902,763
Deposits to cedants	16,039
Insurance receivables	166,154
Reinsurance receivables	218,239
Receivables (trade, not insurance)	337,518
Own shares (held directly)	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	102,274
Any other assets, not elsewhere shown	40,547
TOTAL ASSETS	**17,947,462**

LIABILITIES	31 Dec. 2022
Technical provisions – non-life	4,946,824
Technical provisions – non-life (excluding index-linked and unit-linked)	1,273,120
Technical provisions – Index-linked and unit-linked	-
Contingent liabilities	4,827
Other provisions	20,346
Pension benefit obligations	116,436
Deposits from reinsurers	121,035
Deferred tax liabilities	708,020
Derivatives	-
Debts owed to credit institutions	-
Financial liabilities other than debts owed to credit institutions	1,263,306
Insurance payables	20,433
Reinsurance payables	6,142
Payables (trade, not insurance)	298,869
Subordinated liabilities	1,982,066
Subordinated liabilities not included in basic own funds	-
Subordinated liabilities included in basic own funds	1,982,066
Any other liabilities, not elsewhere shown	1,547
TOTAL LIABILITIES	**10,762,971**

EXCESS OF ASSETS OVER LIABILITIES	**7,184,491**

D.1 Assets

D.1.1 DESCRIPTION OF ASSET VALUATION PRINCIPLES AND METHODS

Asset valuation methods are identical to the methods applied by Aéma Groupe.

D.1.2 VALUATION OF ASSETS (INVESTMENTS AND OTHER ASSETS)

VALUATION OF ASSETS AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Goodwill	-	-	-
Deferred acquisition costs	-	78,381	(78,381)
Intangible assets	-	206,597	(206,597)
Deferred tax assets	-	-	-
Pension benefit surplus	-	-	-
Property, plant and equipment held for own use	852,043	332,624	519,419
Investments (other than assets held for index-linked and unit-linked contracts)	15,311,859	11,596,914	3,714,945
Property (other than for own use)	613,743	289,629	324,114
Holdings in related undertakings and other participations	6,206,152	2,520,837	3,685,315
Equities	279,970	229,785	50,185
Bonds	6,002,845	6,587,021	(584,176)
Collective investment undertakings	2,209,149	1,969,642	239,507
Derivatives	-	-	-
Deposits other than cash equivalents	-	-	-
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	-	-	-
Loans and mortgages	27	27	-
Loans on policies	-	-	-
Loans and mortgages to individuals	27	27	-
Other loans and mortgages	-	-	-
Reinsurance recoverables	902,763	1,159,438	(256,675)
Deposits to cedants	16,039	16,039	-
Insurance receivables	166,154	840,952	(674,798)
Reinsurance receivables	218,239	219,995	(1,756)
Receivables (trade, not insurance)	337,518	248,269	89,250
Own shares (held directly)	-		-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-	-
Cash and cash equivalents	102,274	102,274	-
Any other assets, not elsewhere shown	40,547	42,094	(1,547)
TOTAL ASSETS	17,947,462	14,843,603	3,103,859

The main differences between total assets under Solvency II and French GAAP concern:

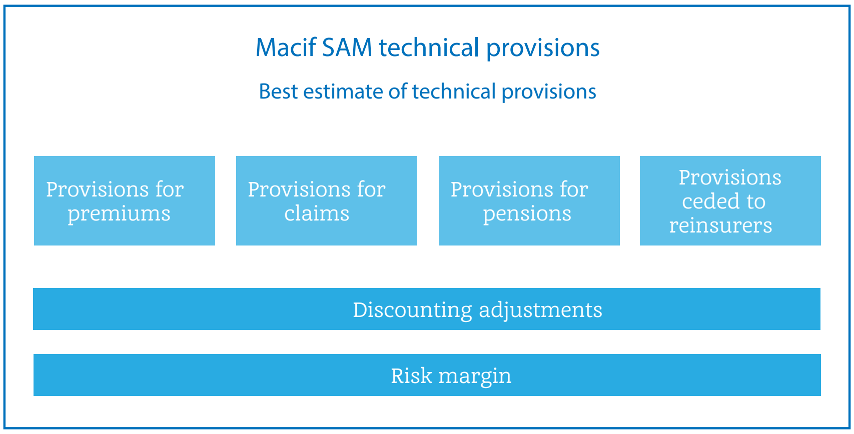
- Holdings in related undertakings and other participations: at 31 December 2022, holdings in related undertakings amounted to €6,206 million in the Solvency II balance sheet including positive fair value adjustments to the investments in Mutavie for €1,654 million and Abeille Assurances for €1,766 million.
- Bonds, which amounted to €6,003 million at 31 December 2022, representing 39% of total investments.
- Collective investment undertakings, which comprise investments governed by the Undertakings for Collective Investment in Securities (UCITS) Directive or the Alternative Investment Fund Managers (AIFM) Directive. They may be invested in property, equities, money market products and bonds. Collective investment undertakings amounted to €2,209 million at 31 December 2022, representing 14% of total investments.
- Insurance receivables: under Solvency II, these investments are maintained at their net book value in the French GAAP balance sheet if they are due within one year. Receivables corresponding to monthly premiums are cancelled, reducing Solvency II insurance receivables by €675 million at 31 December 2022.

D.2 Technical provisions

D.2.1 TECHNICAL PROVISION MEASUREMENT METHODOLOGY

1. BEST ESTIMATE OF TECHNICAL PROVISIONS

The methods for calculating the best estimate of technical provisions and the discounting adjustment differ depending on the type of provision.



1.1 Provisions for premiums

The best estimate of provisions for premiums is intended to cover claims insured under policies written before 31 December of the reporting year that are expected to be incurred between 31 December and the policy's renewal date. It also takes into account the costs associated with the ongoing administration of the policies in the portfolio. The provision is calculated by group of policies with similar risk characteristics.

Receivables corresponding to premiums paid in instalments are deducted from the provision.

1.2 Provisions for claims

The best estimate of provisions for claims represents the estimated cost of settling outstanding claims, including annuities not yet accrued.

Future claim settlements, net of recoveries, and the related expenses are valued separately and then aggregated to calculate the discounting adjustment.

Claims settlements

The method of valuing claims settlements depends on the type of claim, based on the following three categories:

- "serious" claims exceeding a predefined threshold by a multiple of at least one;
- "disaster" claims, arising from a major climate event or natural disaster;
- "attritional" claims, corresponding to claims not allocated to either of the other two categories.

1.3 Annuity claims provisions

The best estimate of annuity claims provisions corresponds to the estimated value of arrears, including administrative costs, related to pensions in service at the end of 2022.

It is calculated on a case-by-case basis depending on the underlying risk (death or disability), biometrics and whether or not the pension is adjustable in future periods.

The mortality tables used are either internal experience-based tables, for disability pensions and education annuities paid following a death, or regulatory tables (TGF/TGH 05) for reversionary annuities paid following the death of a spouse.

Contractual annuities and annuities paid in settlement of liability claims following an accident occurring on or after 1 January 2013 are remeasured annually using an inflation vector based on Aéma Groupe's financial assumptions.

1.4 Reinsurance recoverables

The best estimate of reinsurance recoverables corresponds to the French GAAP amount. However, for (long-tail) liability risks, the estimate is increased to reflect the result of a simulation of serious individual claims. The calculation also takes into account probable losses in the event of default by the reinsurer.

1.5 Discounting adjustments

Discounting adjustments to best estimates of premium, claim and annuity claims provisions are updated mid-year, because payments are assumed to be evenly distributed over the year.

For the discounting of claims provisions ceded to reinsurers, payments are assumed to take place six months after each annual closing date of the accounts communicated to the reinsurers, representing an eighteen-month discounting adjustment for the first year's cash flows.

2. RISK MARGIN

The method used by Macif SAM to calculate the risk margin consists of estimating capital requirements according to the standard formula at each reporting date over the remaining term of the obligations, by business line and by type of risk.

3. VOLATILITY ADJUSTMENT

Macif SAM applies the volatility adjustment for the determination of its SCR.

Cancellation of the volatility adjustment would reduce the SCR coverage ratio by 8 points and the MCR coverage ratio by 33 points.

D.2.2 GROSS TECHNICAL PROVISIONS AND REINSURANCE RECOVERABLES

TECHNICAL PROVISIONS AT 31 DECEMBER 2022 BY MAIN BUSINESS LINE (IN THOUSANDS OF EUROS)

	Best estimate of gross technical provisions	Risk margin	Solvency II gross technical provisions	Best estimate of reinsurance recoverables	Solvency II net technical provisions
Health similar to non-life	178,738	31,165	**209,902**	(482)	**209,421**
Non-life	4,509,768	227,154	**4,736,922**	(879,394)	**3,857,527**
Health similar to life	621,918	33,567	**655,485**	(22,887)	**632,598**
Life	586,506	31,129	**617,635**	-	**617,635**
Unit-linked liabilities	-	-	**-**	-	**-**
TOTAL TECHNICAL PROVISIONS	**5,896,929**	**323,015**	**6,219,944**	**(902,763)**	**5,317,181**

The best estimate of gross technical provisions at 31 December 2022 amounted to €5,897 million. Non-life provisions (provisions for premiums and claims) represented 80% of the total and life technical provisions (annuity claims provisions) accounted for 20%.

The risk margin amounted to €323 million, representing 5% of the total best estimate of gross technical provisions.

Reinsurance recoverables stood at €903 million, representing 15% of total gross technical provisions.

All told, net technical provisions under Solvency II amounted to €5,317 million at 31 December 2022.

D.2.3 DIFFERENCES BETWEEN THE VALUATION OF TECHNICAL PROVISIONS UNDER SOLVENCY II AND FRENCH GAAP

Excluding the restatement of deferred acquisition costs and receivables for monthly premiums, net technical provisions at 31 December 2022 were €1,673 million lower under Solvency II than under French GAAP.

The main reasons for the difference are as follows:

- future cash flows are discounted under Solvency II, but not under French GAAP, except for annuity cash flows through the application of the valuation rate of interest (impact of €1,797 million);
- future payment flows are estimated using conservative assumptions under French GAAP and from an economic perspective under Solvency II (impact of €199 million).

In particular, under Solvency II, experience tables based on observed mortality rates for the Macif SAM portfolio are used to estimate provisions for disability annuity claims, whereas the French GAAP estimates are based on the regulatory tables specified in the French Insurance Code (corresponding to male mortality rates in France).

These two effects are partly offset by the addition of a further provision corresponding to the risk margin (impact of €323 million).

D.2.4 UNCERTAINTY CONCERNING THE AMOUNT OF TECHNICAL PROVISIONS

In order to measure the uncertainty arising from the use of assumptions in the calculation of technical provisions, sensitivity tests are carried out on:

- the calculation assumptions deemed to be the most uncertain:
  - increase in the number of serious liability claims in motor insurance,
  - increase in the average cost of serious liability claims in motor insurance,
  - increase in expense ratios used to determine best estimates of provisions for premiums and claims,
  - increase in loss ratios used to determine best estimates of provisions for premiums;
- economic assumptions:
  - increase in the inflation rate used to determine best estimates of mathematical annuity claims provisions and for the treatment of the capital built up by policyholders,
  - change in the discount rate applied to technical provisions.

The tests show that technical provisions are more sensitive to the uncertainty of assumptions concerning future serious liability claims in motor insurance than to the uncertainty concerning expense and loss ratios. Economic parameters, such as interest and inflation rates, can have a significant impact on the level of technical provisions.

D.3 Other liabilities

D.3.1 DESCRIPTION OF THE VALUATION AND PRESENTATION METHODS FOR OTHER LIABILITIES

The valuation methods for other liabilities are the same as those applied by the Group.

D.3.2 DIFFERENCES BETWEEN THE VALUATION OF OTHER LIABILITIES UNDER SOLVENCY II AND FRENCH GAAP

VALUATION OF OTHER LIABILITIES AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Contingent liabilities	4,827	-	4,827
Other provisions	20,346	60,702	(40,356)
Pension benefit obligations	116,436	-	116,436
Deposits from reinsurers	121,035	121,035	-
Deferred tax liabilities	708,020	-	708,020
Derivatives	-	-	-
Debts owed to credit institutions	-	-	-
Financial liabilities other than debts owed to credit institutions	1,263,306	1,351,733	(88,427)
Insurance payables	20,433	20,433	-
Reinsurance payables	6,142	6,142	-
Payables (trade, not insurance)	298,869	338,577	(39,708)
Subordinated liabilities	1,982,066	2,305,097	(323,031)
Subordinated liabilities not included in basic own funds	-	-	-
Subordinated liabilities included in basic own funds	1,982,066	2,305,097	(323,031)
Any other liabilities, not elsewhere shown	1,547	1,547	-
Total excluding subordinated liabilities and deferred tax liabilities	1,852,940	1,900,168	(47,228)
TOTAL	4,543,027	4,205,265	337,761

The main differences in valuation between the two standards are as follows:

- **Contingent liabilities**: each off-balance sheet item is analysed according to a decision tree to determine whether it corresponds to a significant potential obligation. If this is the case, it is recognised as a contingent liability in the Solvency II balance sheet at its off-balance sheet value. This item corresponds for the most part to commitments given to foundations.
- **Other provisions** mainly include provisions for risks and expenses, provisions for claims and litigation, provisions for foreign exchange losses and other provisions for contingencies. The main restatements under Solvency II concern the cancellation of excess tax depreciation for €33 million in 2022.

- **Pension benefit obligations** include post-employment benefits and other long-term employee benefits (Art. 39 pensions, seniority leave, time savings accounts, length-of-service awards payable on retirement, time savings funds), as well as provisions for payroll taxes due on the liabilities, representing a total of €116 million under Solvency II.
- **Deferred tax liabilities:** deferred taxes are determined for temporary differences between the values of assets and liabilities in the Solvency II balance sheet and their tax basis in the French GAAP financial statements, as well as for tax loss carryforwards.

E. CAPITAL MANAGEMENT

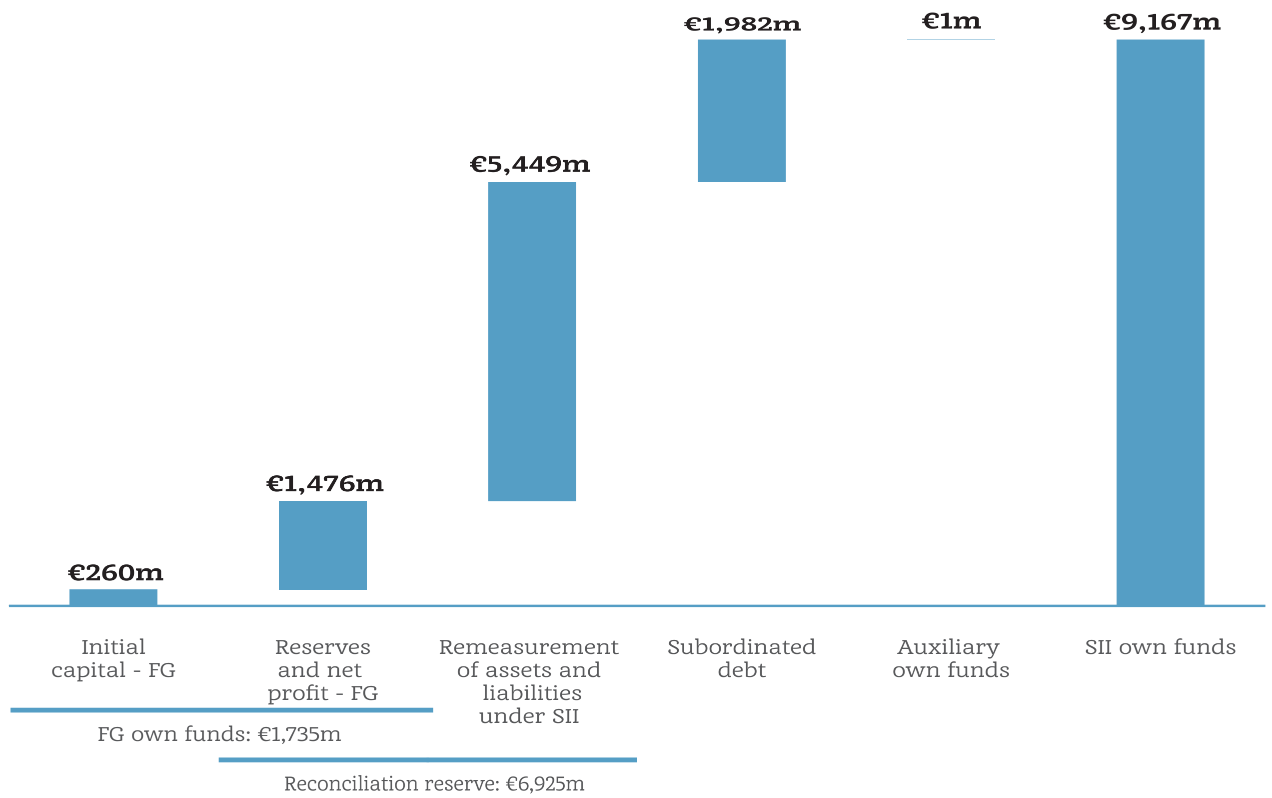
E.1 Own funds

E.1.1 OWN FUNDS MANAGEMENT POLICY

The "umbrella" capital management policy was approved by Aéma Groupe's Board of Directors on 30 September 2022, and then rolled down to all Group companies. The policy was approved by Macif SAM's Board of Directors on 18 November 2022.

E.1.2 COMPOSITION OF SOLVENCY II OWN FUNDS

DIFFERENCES BETWEEN OWN FUNDS UNDER FRENCH GAAP (FG) AND OWN FUNDS UNDER SOLVENCY II (SII) AT 31 DECEMBER 2022



BASIC OWN FUNDS

The components of Macif SAM's Solvency II basic own funds are presented in the chapter concerning Aéma Groupe.

ANCILLARY OWN FUNDS

As a mutual insurance company and as specified in its articles of association, Macif SAM has the option of calling for additional contributions from its members "if it subsequently turns out that normal premiums are not sufficient to prevent the company falling into a loss-making situation".

On 15 February 2018, France's banking and insurance supervisor, ACPR, renewed its authorisation for Macif SAM to include in its ancillary own funds the additional contributions that would be receivable from members in the future if such a call were to be made. Own funds take into account the expected calculation rate for the additional contributions, the related expected collection rate and the tax effect.

However, at this stage, the authorisation only covers a minority of Macif SAM's contracts and the impact on the company's Solvency II own funds is not material.

RECONCILIATION RESERVE

The total reconciliation reserve at 31 December 2022 amounted to €6,925 million, breaking down as follows:

- €1,476 million carried over from the French GAAP accounts (French GAAP equity, excluding initial capital of €260 million);
- €5,449 million from the measurement of assets and liabilities at fair value under Solvency II.

SUBORDINATED DEBT

Subordinated liabilities at 31 December 2022 amounted to €1,982 million, including redeemable subordinated notes for €1,523 million and perpetual subordinated notes for €459 million.

E.1.3 QUALITY OF OWN FUNDS

SOLVENCY II OWN FUNDS AVAILABLE OVER THE LAST TWO YEARS (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
Tier 1	7,643,459	7,366,557	+276,901
Unrestricted Tier 1 basic own funds	7,184,491	6,840,445	+344,046
Restricted Tier 1 basic own funds	458,968	526,112	-67,145
Tier 2 own funds	1,090,848	1,276,627	-185,779
Tier 2 basic own funds	1,090,201	1,275,955	-185,754
Tier 2 ancillary own funds	647	671	-25
Tier 3 own funds	432,898	496,151	-63,253
Tier 3 basic own funds	432,898	496,151	-63,253
Tier 3 ancillary own funds	-	-	-
AVAILABLE SOLVENCY II OWN FUNDS	9,167,204	9,139,335	+27,869

BASIC OWN FUNDS

The subordinated liabilities described in section D.3 is allocated by tier of basic own funds according to the transitional rules in Article R.351-27 of the French Insurance Code:

- the perpetual subordinated notes issued by Macif SAM in 2014 were subject to the 50% limit under Solvency I and would not be classified as Tier 1 or Tier 2 own funds in the absence of transitional measures. These notes are classified as restricted Tier 1 in application of the transitional measures;
- the redeemable subordinated notes issued by Macif SAM in 2013 were subject to the 25% limit under Solvency I and are therefore classified as Tier 2 own funds in application of the transitional measures.

In connection with the acquisition of Abeille Assurances, Macif SAM carried out the following three subordinated notes issues in June 2021:

- perpetual subordinated notes classified as Tier 1;
- redeemable subordinated notes classified as Tier 2;
- redeemable subordinated notes classified as Tier 3.

Available Solvency II own funds increased slightly by €28 million between 2021 and 2022. The own funds corresponding to the option for Macif SAM to call for additional contributions from members are classified as Tier 2 ancillary own funds.

ANCILLARY OWN FUNDS

In accordance with Article 75 of Commission Delegated Regulation (EU) 2015/35, the amount corresponding to the option to call for additional contributions is classified as Tier 2 ancillary own funds. If a call for additional contributions were to be issued, the amount involved would be reclassified from Tier 2 ancillary own funds to Tier 1 basic own funds.

E.1.4 ELIGIBLE OWN FUNDS TO COVER THE SCR AND MCR

ELIGIBLE OWN FUNDS TO COVER THE SCR

Part of the company's own funds is not eligible to cover the SCR. At 31 December 2022, the ineligible portion amounted to €201 million (at 31 December 2021, €198 million). The quantitative limits on Tier 2 and Tier 3 own funds were met. Solvency II own funds eligible to cover the SCR of Macif SAM amounted to €8,966 million at 31 December 2022.

ELIGIBLE OWN FUNDS TO COVER THE MCR

The own funds eligible to cover the MCR correspond to Tier 1 and Tier 2 basic own funds, subject to certain limits. As result of applying these limits, Macif SAM's eligible Tier 2 capital is capped at €132 million. Total eligible capital to cover the MCR amounted to €7,776 million at 31 December 2022.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Macif SAM's SCR is calculated using the standard formula. As part of the analysis of its risk profile, the company assessed the parameters based on company-specific data (USP) for "non-life" and "health similar to non-life" risks under the standard formula.

E.2.1 CHANGE IN SCR AND MCR

CHANGES IN SCR AND MCR OVER THE LAST TWO YEARS (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
Market risk SCR	2,614,187	2,987,467	-373,281
Counterparty risk SCR	65,419	57,000	+8,419
Life underwriting risk SCR	41,896	61,375	-19,479
Health underwriting risk SCR	221,128	239,510	-18,382
Non-life underwriting risk SCR	1,164,272	1,061,708	+102,564
Diversification between modules	(899,885)	(898,000)	-1,885
Intangible asset risk SCR	-	-	-
Basic SCR	3,207,016	3,509,060	-302,044
Operational risk SCR	146,093	160,914	-14,821
Loss-absorbing capacity of deferred taxes	(708,020)	(520,292)	-187,728
TOTAL NET SCR	2,645,089	3,149,682	-504,593
MCR	661,272	787,420	-126,148

The SCR amounted to €2,645 million at 31 December 2022, down €505 million or 16% vs. 31 December 2021. The decrease was mainly due to the €373 million reduction in market risk SCR, primarily reflecting the positive impact of changes in the economic and financial environment (rising interest rates and lower stock market prices).

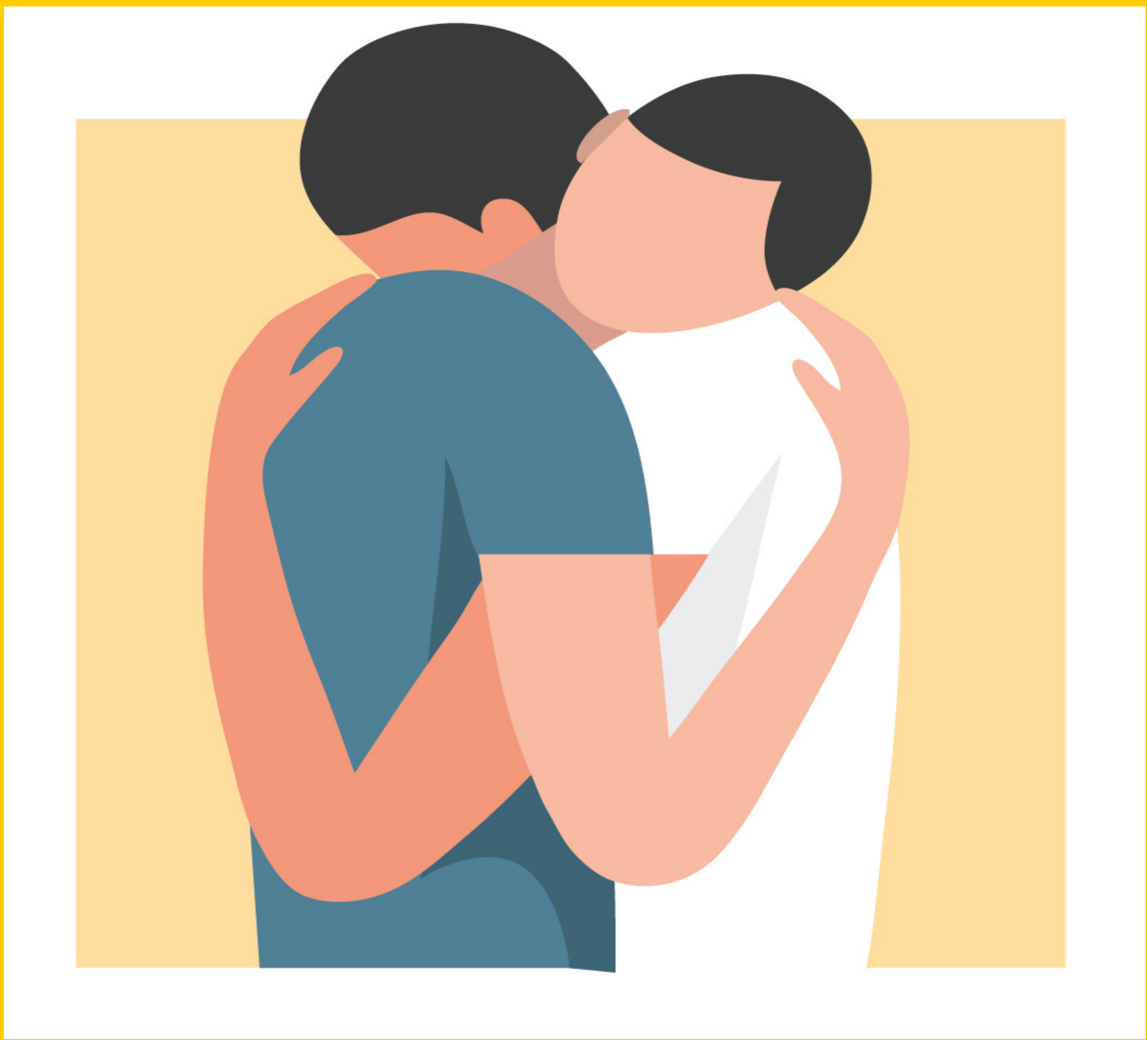
Underwriting risk SCR increased by €65 million (related mainly to the updating of catastrophe risk SCR), while the improved loss-absorbing capacity of deferred taxes reduced the SCR by €188 million.

At 31 December 2022, the MCR amounted to €661 million. The €126 million decrease vs. 31 December 2021 (down 16%) was in line with the reduction in the SCR. This is because the methodology for calculating the linear MCR implies that the final amount is within the range of 25% to 45% of the SCR (Article R.352-29 of the French Insurance Code). The MCR value used at 31 December 2022 corresponds to the bottom of the range, i.e., 25% of the SCR.

E.2.2 SCR AND MCR COVERAGE RATIOS

The SCR coverage ratio improved by 55 points to 339% at 31 December 2022, reflecting a 0.3% increase in own funds and a 16% decrease in the SCR. Economic conditions (rising interest rates, falling stock markets in 2022) have a significant impact on the change in capital requirements.

The MCR coverage ratio was 220 points higher at 1,176%, thanks to growth in eligible own funds and a decrease in the MCR compared with 31 December 2021.



ABEILLE VIE

D. VALUATION FOR SOLVENCY PURPOSES

SOLVENCY II BALANCE SHEET AT 31 DECEMBER 2022
(IN THOUSANDS OF EUROS)

ASSETS	31 Dec. 2022
Intangible assets	-
Deferred tax assets	-
Pension benefit surplus	-
Property, plant and equipment held for own use	8,981
Investments (other than assets held for index-linked and unit-linked contracts	34,650,736
Assets held for index-linked and unit-linked contracts	17,535,249
Loans and mortgages	510,658
Reinsurance recoverables	70,783
Deposits to cedants	100,244
Insurance receivables	10,452
Reinsurance receivables	250
Receivables (trade, not insurance)	148,978
Own shares (held directly)	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	135,642
Any other assets, not elsewhere shown	14,804
TOTAL ASSETS	**53,186,777**

LIABILITIES	31 Dec. 2022
Technical provisions – non-life	289,830
Technical provisions – non-life (excluding index-linked and unit-linked)	27,084,066
Technical provisions – Index-linked and unit-linked	17,020,868
Contingent liabilities	-
Other provisions	9,693
Pension benefit obligations	6,712
Deposits from reinsurers	67,044
Deferred tax liabilities	329,675
Derivatives	761,512
Debts owed to credit institutions	1,467
Financial liabilities other than debts owed to credit institutions	1,472,085
Insurance payables	495,280
Reinsurance payables	4,297
Payables (trade, not insurance)	88,345
Subordinated liabilities	1,095,012
Subordinated liabilities not included in basic own funds	-
Subordinated liabilities included in basic own funds	1,095,012
Any other liabilities, not elsewhere shown	2
TOTAL LIABILITIES	**48,725,888**

EXCESS OF ASSETS OVER LIABILITIES	**4,460,890**

D.1 Assets

D.1.1 DESCRIPTION OF ASSET VALUATION PRINCIPLES AND METHODS

Asset valuation methods under Solvency II are identical to the methods applied by Aéma Groupe. Specific principles are as follows:

1. PARTICIPATIONS

The table below provides details of the participations carried in Abeille Vie's French GAAP balance sheet and their classification and treatment in the Solvency II balance sheet:

	French GAAP classification	Solvency II classification	Treatment of participations in the Solvency II balance sheet
Abeille Épargne Retraite (AER)	Participation	Participation	Solvency II valuation
Abeille Retraite Professionnelle (ARP)	Participation	Participation	Economic value based on Solvency II valuation
Union Financière de France (UFF)	Participation	Participation	Market value
Épargne Actuelle	Participation	Participation	Economic value
SACAF	Participation	Participation	Economic value
Abeille Investissements	Participation	Unlisted equities	
Abeille Impact Investing France	Participation	Unlisted equities	
Groupe Astoria	Participation	Unlisted equities	
VIP Conseils	Participation	Unlisted equities	

2. INSURANCE RECEIVABLES

In the Solvency II balance sheet, the reinsurers' share of provisions for life outstanding claims is reclassified from reinsurance recoverables to insurance receivables because the amounts concerned are certain of being recovered. This presentation is consistent with the presentation of gross provisions for life outstanding claims on the liabilities side of the balance sheet.

D.1.2 VALUATION OF ASSETS (INVESTMENTS AND OTHER ASSETS)

VALUATION OF ASSETS AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Goodwill	-	-	-
Deferred acquisition costs	-	14,336	(14,336)
Intangible assets	-	12,016	(12,016)
Deferred tax assets	-	-	-
Pension benefit surplus	-	-	-
Property, plant and equipment held for own use	8,981	8,981	-
Investments (other than assets held for index-linked and unit-linked contracts)	34,650,737	35,845,756	(1,195,020)
Property (other than for own use)	589,951	1,939,281	(1,349,330)
Holdings in related undertakings and other participations	2,321,080	1,681,669	639,411
Equities	1,884,992	182,282	1,702,710
Bonds	20,921,670	24,145,569	(3,223,899)
Collective investment undertakings	8,227,668	7,349,223	878,445
Derivatives	156,917	-	156,917
Deposits other than cash equivalents	548,459	547,733	726
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	17,535,249	17,533,284	1,965
Loans and mortgages	510,658	498,248	12,410
Loans on policies	376,050	367,763	8,287
Loans and mortgages to individuals	-	-	-
Other loans and mortgages	134,607	130,485	4,122
Reinsurance recoverables	70,783	71,033	(250)
Deposits to cedants	100,244	100,244	-
Insurance receivables	10,452	10,452	-
Reinsurance receivables	250	-	250
Receivables (trade, not insurance)	148,978	148,978	-
Own shares (held directly)	-	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-	-
Cash and cash equivalents	135,642	135,642	-
Any other assets, not elsewhere shown	14,804	472,131	(457,327)
TOTAL ASSETS	53,186,777	54,851,102	(1,664,324)

The main financial investments are bonds, units in collective investment undertakings and unit-linked investments, together representing approximately 88% of Abeille Vie's total assets.

The main differences in assets between Abeille Vie's French GAAP balance sheet and Solvency II balance sheet are as follows:

- In the Solvency II balance sheet at 31 December 2022, the bond portfolio amounted to €20,921 million, representing 39% of total assets. The decrease of €3.2 billion compared to the French GAAP balance sheet reflects the use of the fair value model to value the portfolio and the reclassification of bond discounts/ premiums and accrued interest. Collective investment undertakings in the Solvency II balance sheet represented €8,228 million, or 15% of total assets. The €878 million increase compared to the French GAAP balance sheet is explained by (i) the reclassification of investments in property companies and funds recorded in the French GAAP balance sheet under "Investment property" at net book value, and (ii) the valuation of investment funds (including shares in property companies) using the fair value model.
- Holdings in related undertakings and other participations to €2,321 million at 31 December 2022, representing 4% of assets under Solvency II. The €639 million increase compared to the French GAAP balance sheet was due to differences in valuation methods, partly offset by the reclassification under "unlisted equities" of shares not qualified as "participations" under Solvency II.
- Equities totalled €1,885 million, representing 4% of total assets. The €1.7 billion increase vs. the French GAAP balance sheet reflects:
  - the reclassification of investments in property companies from "Investment property" to "Equities" and their valuation using the fair value model;
  - the reclassification to "Equities" of shares not qualified as participations under Solvency II and their valuation using the fair value model.
- Property (other than for own use) was valued at €590 million in the Solvency II balance sheet at 31 December 2022, representing 1% of total assets. The €1.3 billion decrease vs. the French GAAP balance sheet was due to the reclassification to "Equities" of investments in property companies and funds and the valuation of directly held investment property at fair value.

D.2 Technical provisions

D.2.1 METHODS AND ASSUMPTIONS FOR CALCULATING TECHNICAL PROVISIONS

1. BEST ESTIMATE OF TECHNICAL PROVISIONS

The ALM projection model for insurance liabilities comprises two sub-modules:

- a deterministic cash flow projection model for insurance liability-related cash flows;
- a stochastic asset-liability strategy (ALS) projection model.

1.1 Deterministic cash flow projection model for insurance liability-related cash flows

Cash flows related to insurance liabilities are projected by model point (corresponding to data by contract aggregated according to lines of similar contracts), and best estimate assumptions (mortality assumptions, probability of insureds choosing to receive a pension rather than a lump sum, expense assumptions, surrender rates, etc.).

During the projection process, the deterministic model revalues mathematical provisions at the guaranteed rates and models the following liability-related cash flows: premiums, benefits, expenses, loading and commissions.

The model provides a central insurance liability-related cash flow scenario.

1.2 Stochastic ALS projection model

The stochastic model uses the assumption tables applied to project liability-related cash flows in the deterministic model, the liability-related cash flow tables generated by the deterministic model, asset data and 3,000 economic scenarios.

All told, the model generates discounted and projected average results based on 3,000 scenarios.

All the interactions between the modelled assets and liabilities take place within the stochastic projection model's different modules. The impact of the economic environment is taken into account in the model, notably by modelling the impact on deterministic cash flows of dynamic policyholder behaviours, the discretionary profit-sharing reserve and the volatility of assets held for unit-linked contracts.

The results of the projection modules are used to calculate the best estimate of liabilities.

1.3 Assumptions for calculating the best estimate of liabilities

- Interest rate term structure

The interest rate term structure used is the swap rate curve at 31 December 2022 including the volatility adjustment (VA) and the credit rate adjustment (CRA).

- Volatility adjustment

The volatility adjustment is applied to traditional and unit-linked funds; it corresponded to 19 bps at 31 December 2022 vs. 3 bps at end-2021.

- Credit rate adjustment

The credit rate adjustment is also applied to traditional and unit-linked funds; it corresponded to -10 bps at both 31 December 2022 and 31 December 2021.

► Expenses

All of the company's expenses are taken into account in the model and projected according to the various indicators (number of contracts, premiums, technical provisions, etc.). Administrative costs, management fees, business acquisition costs and other technical costs are all modelled. Future cost inflation is also taken into account.

► Surrenders and other terminations

The surrender assumptions for the Abeille Vie portfolios, as well as the termination assumptions for the entire Personal Risk portfolio, are based on ten years of historical data.

► Mortality tables

Experience tables are used for the Savings businesses and the regulatory tables TGF/TGH 00-05 are used for pensions businesses.

► Personal risk claims experience

Claims experience is assessed using best estimates of projected loss ratios.

2. RISK MARGIN

The risk margin is the reduction in price that a purchaser of an insurance book would expect to be granted to compensate for the risk associated with the insurance liability.

The risk margin is calculated using a cost-of-capital approach whereby future SCRs are valued based on the company's cost of capital.

The final risk margin corresponds to 6% (corresponding to Abeille Vie's cost of capital) of the present value of calculated future SCRs.

3. IMPACT OF THE VOLATILITY ADJUSTMENT

Abeille Vie applies the volatility adjustment for the valuation of technical provisions, the SCR and MCR and eligible own funds.

Cancellation of the volatility adjustment would reduce the SCR coverage ratio by 14 points and the MCR coverage ratio by 40 points.

D.2.2 GROSS TECHNICAL PROVISIONS AND REINSURANCE RECOVERABLES

TECHNICAL PROVISIONS AT 31 DECEMBER 2022 BY BUSINESS LINE (IN THOUSANDS OF EUROS)

	Best estimate of gross technical provisions	Risk margin	Solvency II gross technical provisions	Best estimate of reinsurance recoverables	Solvency II net technical provisions
Health similar to non-life	289,830	-	289,830	(3,516)	286,314
Non-life	-	-	-	-	-
Health similar to life	122,171	-	122,171	(57,655)	64,516
Life	26,331,737	630,158	26,961,895	(9,613)	26,952,283
Unit-linked liabilities	16,629,846	391,022	17,020,868	-	17,020,868
TOTAL TECHNICAL PROVISIONS	43,373,583	1,021,180	44,394,764	(70,783)	44,323,981

The best estimate of gross technical provisions at 31 December 2022 amounted to €43,374 million. Life provisions represented 61% of the total, unit-linked liabilities represented 38% and non-life technical provisions accounted for 1%. The risk margin amounted to €1,021 million, representing 2% of the total best estimate. Reinsurance recoverables stood at €71 million, representing 0.2% of total gross technical provisions. All told, net technical provisions under Solvency II amounted to €44,324 million at 31 December 2022.

D.2.3 DIFFERENCES BETWEEN THE VALUATION OF TECHNICAL PROVISIONS UNDER SOLVENCY II AND FRENCH GAAP

Life insurance technical provisions in Abeille Vie's French GAAP balance sheet at 31 December 2022 included:

- **Mathematical provisions** representing the difference between the present value of the insurer's obligations and the present value of the insured's obligations.

The insurer's obligation is calculated as the present value of the guaranteed capital, taking into account the probability of the capital being paid out, plus the present value of the administrative expenses. The insured's obligation corresponds to the present value of outstanding premiums plus unamortised acquisition costs.

In the Solvency II balance sheet, mathematical provisions are modelled in the Best Estimate, as described above.

- **Profit-sharing reserve**: in addition to the contracts' valuation rate of interest, part of the company's net investment income and underwriting result may be transferred to the profit-sharing reserve. In accordance with the French Insurance Code, the transferred amount must be distributed to policyholders at the latest by the end of the eighth financial year following the transfer.

In the Solvency II balance sheet, this provision is modelled in the Best Estimate.

- **Provision for capital guarantees** included in life insurance and endowment contracts. The guarantee offered with Abeille Vie contracts is revisable annually. It is calculated based on the volatility of the underlying fund, taking into account observed experience of the last two years.

The provision for capital guarantees is cancelled in the Solvency II balance sheet.

- **General administrative expense provision** recorded for the total amount of all future policy administration costs not covered by the premium loading or by the fees levied on financial products.

The general administrative expense provision is cancelled in the Solvency II balance sheet.

- **Equalisation provision** set up to cover fluctuations in loss ratios for group policies that provide death cover. It concerns term life insurance and term creditor insurance contracts.

The equalisation provision is cancelled in the Solvency II balance sheet.

- **Life and non-life outstanding claims provisions** covering the estimated amount payable to settle all outstanding claims, including the principal amount of future pensions.

Life outstanding claims provisions are reclassified as “Other liabilities” in the Solvency II balance sheet.

Non-life outstanding claims provisions are modelled in the Best Estimate.

- **Escalating risks provision** recorded for policies with constant regular premiums, covering illness, disability and long-term care risks that increase with the age of the insured.

In the Solvency II balance sheet, the escalating risks provision is modelled in the Best Estimate.

- **Unit-linked liabilities**, corresponding to the monetary value of the guarantees expressed in units of account. At the reporting date, the obligations and corresponding investments are valued at the price quoted on the stock exchange or the market price on the last trading day of the period.

In the Solvency II balance sheet, unit-linked liabilities are modelled in the Best Estimate in the same way as mathematical provisions.

D.2.4 UNCERTAINTY CONCERNING THE AMOUNT OF TECHNICAL PROVISIONS

Technical provisions are based on models which, to the best of our knowledge, correspond to best market practice. The calculations are independently reviewed by the Actuarial function.

D.3 Other liabilities

D.3.1 DESCRIPTION OF THE VALUATION PRINCIPLES AND METHODS FOR OTHER LIABILITIES

The valuation methods for other liabilities are identical to the methods applied by the Group with the following specific presentation of insurance payables:

Provisions for life outstanding claims are reclassified from technical provisions to insurance payables, because the amounts concerned are certain of becoming due. This presentation is consistent with the presentation of the reinsurers' share of life outstanding claims on the assets side of the balance sheet.

D.3.2 VALUATION OF OTHER LIABILITIES

VALUATION OF OTHER LIABILITIES AT 31 DECEMBER 2022 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Other technical provisions	-	13	(13)
Contingent liabilities	-	-	-
Other provisions	9,693	9,693	-
Pension benefit obligations	6,712	8,660	(1,948)
Deposits from reinsurers	67,044	67,044	-
Deferred tax liabilities	329,675	-	329,675
Derivatives	761,512	-	761,512
Debts owed to credit institutions	1,467	1,467	-
Financial liabilities other than debts owed to credit institutions	1,472,085	1,472,085	-
Insurance payables	495,280	121,237	374,043
Reinsurance payables	4,297	4,297	-
Payables (trade, not insurance)	88,345	107,406	(19,061)
Subordinated liabilities	1,095,012	1,140,000	(44,988)
Subordinated liabilities not included in basic own funds	-	-	-
Subordinated liabilities included in basic own funds	1,095,012	1,140,000	(44,988)
Any other liabilities, not elsewhere shown	2	231,421	(231,419)
Total excluding subordinated debt and deferred tax liabilities	2,906,437	2,023,324	883,113
TOTAL	4,331,124	3,163,324	1,167,800

The main differences in other liabilities between Abeille Vie's French GAAP and Solvency II balance sheets concern:

- Deferred tax liabilities: the €330 million recorded in the Solvency II balance sheet corresponds for the most part to deferred taxes arising from temporary differences between the carrying amount of assets and liabilities in the Solvency II balance sheet and their tax basis in the French GAAP balance sheet. It also takes into account the reallocation of the deferred tax asset recognised for tax loss carryforwards at the level of Abeille Assurances Holding.

- Insurance payables: the €374 million increase in the Solvency II balance sheet is explained by the reclassification from technical provisions of the provision for life outstanding claims.
- Subordinated debt: Abeille Vie's subordinated debt comprises the August 2019 perpetual subordinated notes issue underwritten by its parent company, Abeille Assurances Holding, and the December 2021 and September 2022 redeemable subordinated notes issues.

The characteristics of the issues are described below. In the Solvency II balance sheet, the notes are measured by the method described in the chapter on Aéma Groupe, including accrued interest.

(in € thousands)	Abeille Vie		
Description	Perpetual subordinated notes		
Issue date	16/08/2019	10/12/2021	09/09/2022
Underwritten by:	Abeille Assurances Holding	Macif	External institutional investors
Duration	10.5 years	10 years	11 years
Amount	290,000	350,000	500,000
Maturity/call date	16/02/2030	10/12/2031	09/09/2033
Nominal rate	6-month Euribor + 4.05 pts	2.20%	6.25%
Value under Solvency II	298,534	290,446	506,031

The notes are eligible for inclusion in Tier 2 own funds under Solvency II. Subordinated debt amounted to €1,095 million in the Solvency II balance sheet at 31 December 2022.

E. CAPITAL MANAGEMENT

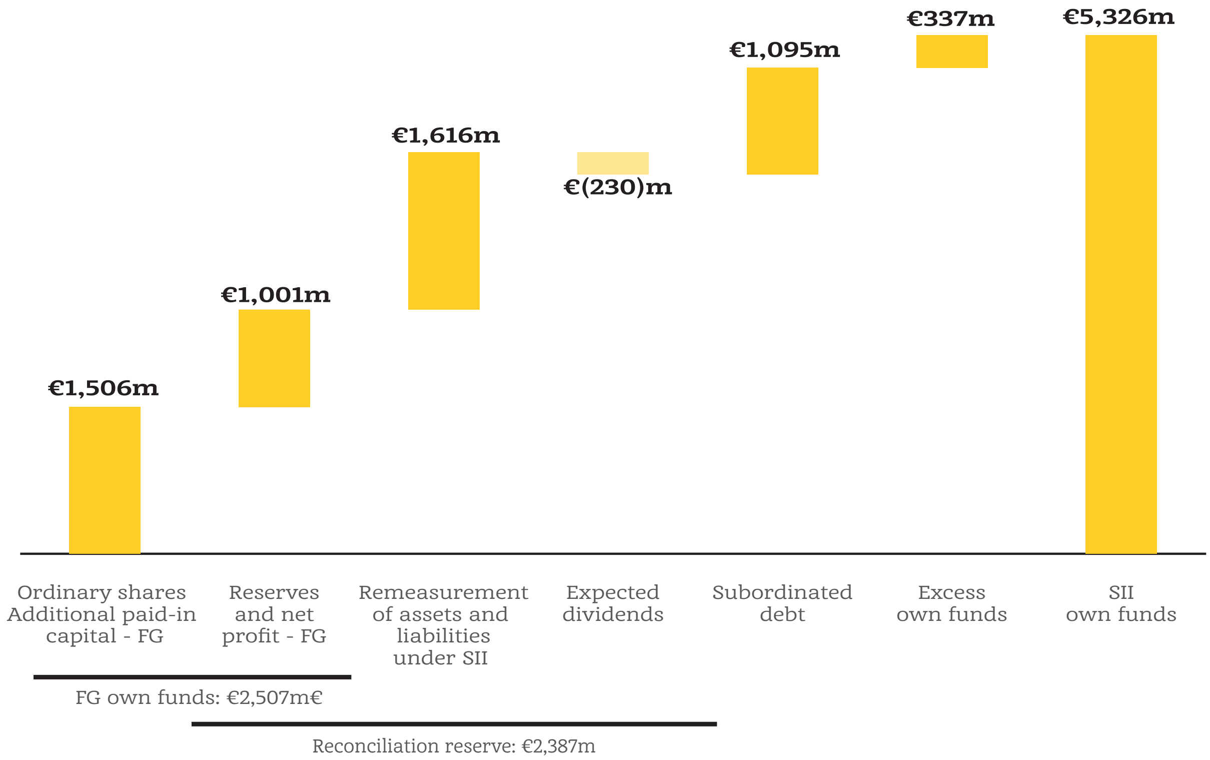
E.1 Own funds

E.1.1 OWN FUNDS MANAGEMENT POLICY

The "umbrella" capital management policy was approved by Aéma Groupe's Board of Directors on 18 November 2022, and then rolled down to Abeille Vie. The policy was approved by Abeille Vie's Board of Directors on 14 December 2022.

E.1.2 COMPOSITION OF SOLVENCY II OWN FUNDS

DIFFERENCES BETWEEN OWN FUNDS UNDER FRENCH GAAP (FG) AND OWN FUNDS UNDER SOLVENCY II (SII) AT 31 DECEMBER 2022



The components of Abeille Vie's Solvency II own funds are defined in the chapter concerning Aéma Groupe. The Solvency II reconciliation reserve amounted to €2,387 million at 31 December 2022, breaking down as follows:

- €1,001 million carried over from the French GAAP accounts (French GAAP equity, excluding ordinary shares and additional paid-in capital for a total of €1,506 million); and
- €1,616 million from the remeasurement of assets and liabilities at fair value under Solvency II; less
- €230 million in expected dividends.

E.1.3 QUALITY OF OWN FUNDS

SOLVENCY II OWN FUNDS AVAILABLE OVER THE LAST TWO YEARS (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021
TIER 1	4,230,890	3,867,145	+363,744
Basic unrestricted own funds	4,230,890	3,867,145	+363,744
TIER 2 OWN FUNDS	1,095,012	640,000	+455,012
Basic own funds	1,095,012	640,000	+455,012
TOTAL BASIC OWN FUNDS	5,325,901	4,507,145	+818,756
TOTAL AVAILABLE SOLVENCY II OWN FUNDS	5,325,901	4,507,145	+818,756

The principles for the classification of own funds are set out in the chapter concerning Aéma Groupe.

Available Solvency II own funds increased by €819 million in 2022 vs. 2021, including:

- €455 million corresponding to the increase in subordinated debt under Solvency II, of which €500 million concerns a new issue in September 2022;
- €484 million corresponding to the increase in the reconciliation reserve.

E.1.4 ELIGIBLE OWN FUNDS TO COVER THE SCR AND MCR

ELIGIBLE OWN FUNDS TO COVER THE SCR

In 2022, all Solvency II capital requirements were met. Abeille Vie's total available Solvency II own funds of €5,326 million at 31 December 2022 were eligible to cover the company's SCR of €2,343 million.

ELIGIBLE OWN FUNDS TO COVER THE MCR

The own funds eligible to cover the MCR correspond to Tier 1 and Tier 2 own funds, subject to certain limits. The Tier 2 basic own funds eligible to cover Abeille Vie's MCR were limited to €151 million at 31 December 2022. Total eligible own funds to cover the MCR amounted to €4,381 million.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Abeille Vie's SCR is calculated using the standard formula.

E.2.1 CHANGE IN SCR AND MCR

CHANGES IN SCR AND MCR OVER THE LAST TWO YEARS (IN THOUSANDS OF EUROS)

	2022	2021	Change 2022/2021	% change 2022/2021
Market risk SCR	1,817,380	2,238,680	-421,300	-19%
Counterparty risk SCR	40,478	48,239	-7,761	-16%
Life underwriting risk SCR	1,185,778	550,002	+635,776	116%
Health underwriting risk SCR	-	-	-	-
Non-life underwriting risk SCR	-	-	-	-
Diversification between modules	(625,194)	(387,550)	-237,643	61%
Basic SCR	2,418,442	2,449,371	-30,929	-1%
Operational risk SCR	146,938	169,150	-22,212	-13%
Loss-absorbing capacity of deferred taxes	(222,746)	(221,621)	-1,125	1%
Capital add-on	-	166,609	-166,609	-100%
TOTAL NET SCR	2,342,635	2,563,509	-220,875	-9%
MCR	752,782	1,064,330	-311,547	-29%

Abeille Vie's diversified SCR calculated using the standard formula was €2,343 million at 31 December 2022, a decline of 9% compared to end-2021 reflecting in particular:

- the impact of changing economic conditions;
- the impact of applying updated assumptions;
- the impact of model changes.

These changes led to an increase in life underwriting risk and a decrease in market risk that was mainly due to changing economic conditions (higher interest rates and lower stock market prices).

The linear MCR is within the range of 25% to 45% of the SCR, as provided for in Article R.352-29 of the French Insurance Code. The MCR value used at 31 December 2022 was €753 million.

E.2.2 SCR AND MCR COVERAGE RATIOS

The SCR coverage ratio improved to 227% at 31 December 2022 from 176% at the end of 2021, reflecting the combined effect of the €221 million decrease in the SCR and the €819 million increase in eligible own funds.

The MCR coverage ratio increased by 199 points in 2022, to 582% from 383% at 31 December 2021.

AÉMA GROUPE

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