SOLVENCY AND FINANCIAL CONDITION REPORT (SFCR)

2023

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 2023.

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 twelve of its insurance companies.

Each chapter of the full report in French comprises an executive summary and five separate sections:

- **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:** presentation of the Solvency II balance sheet
- **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

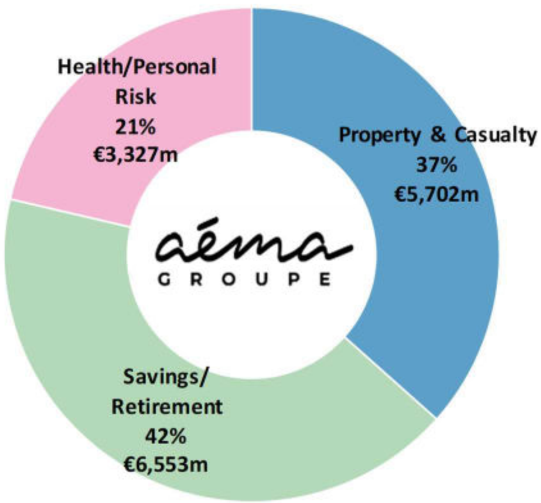
EXECUTIVE SUMMARY

Business and performance

- Earned premiums totalled €15,582 million in 2023, down €502 million from €16,085 million the previous year. The decline was mainly due to the reduced flow of new money in the Savings/Retirement sector.
- Net profit attributable to the Group amounted to €51 million in 2023.

Earned premiums	Attributable net profit
€15,582m	€51m

EARNED PREMIUMS BY BUSINESS LINE



Governance

Governance changes in 2023 were as follows:

- François Bonnin resigned from his position as Deputy Chief Executive Officer, Finance & Risks, at Aéma Groupe on 30 November 2023;
- effective from 1 December 2023, the holder of the Actuarial key function reports to the Chief Executive Officer;
- effective from 1 December 2023, the holder of the Risk Management key function reports to the Chief Executive Officer.

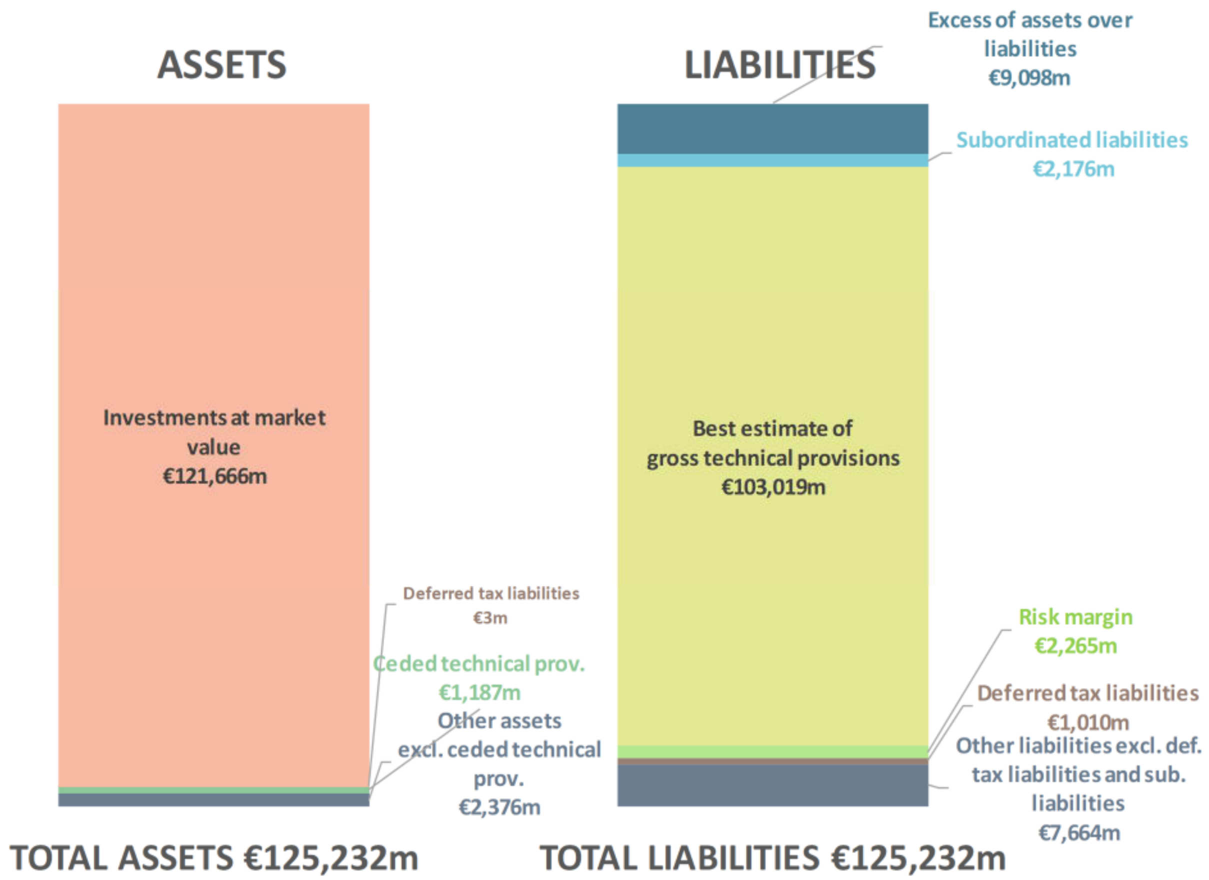
Risk profile

Four main risk families:

FINANCIAL RISKS	INSURANCE RISKS
Market: 40%	Non-life underwriting: 23%
Counterparty: 3%	Life underwriting: 20%
Liquidity	Health underwriting: 8%
OPERATIONAL RISKS	**STRATEGIC RISKS**
6%	

- 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 43% and underwriting risk SCR for 54% (breakdown expressed as a percentage of the sum of the standard formula risk modules).

Valuation for Solvency purposes

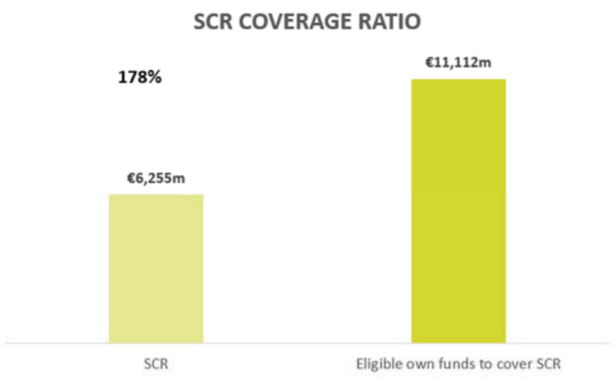


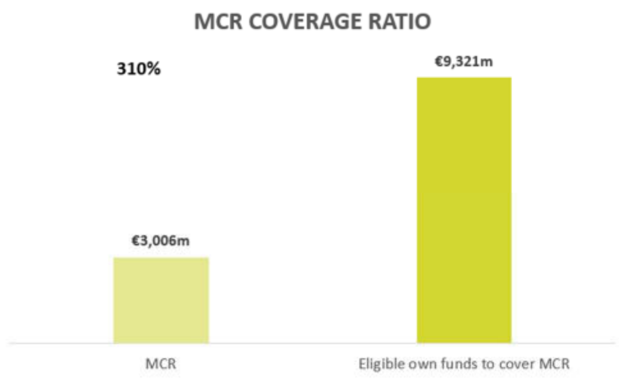
- ► Investments at market value and technical provisions represented 97% and 84% of the balance sheet total respectively at 31 December 2023.
- ► Technical provisions before reinsurance, including the risk margin, amounted to €105,284 million at 31 December 2023, breaking down as life provisions for 91% (including unit-linked provisions for 24%), non-life provisions for 7% and health insurance provisions for 2%.
- ► The Group's Solvency II own funds (excess of assets over subordinated debt and other liabilities) stood at €11,274 million.

Capital management

At 31 December 2023, the Group's capital requirements (MCR and SCR) were covered by eligible own funds.

The SCR coverage ratio declined by 10 points over the year to 178% at 31 December 2023, reflecting a €454 million decrease in eligible own funds and a €106 million increase in the SCR.

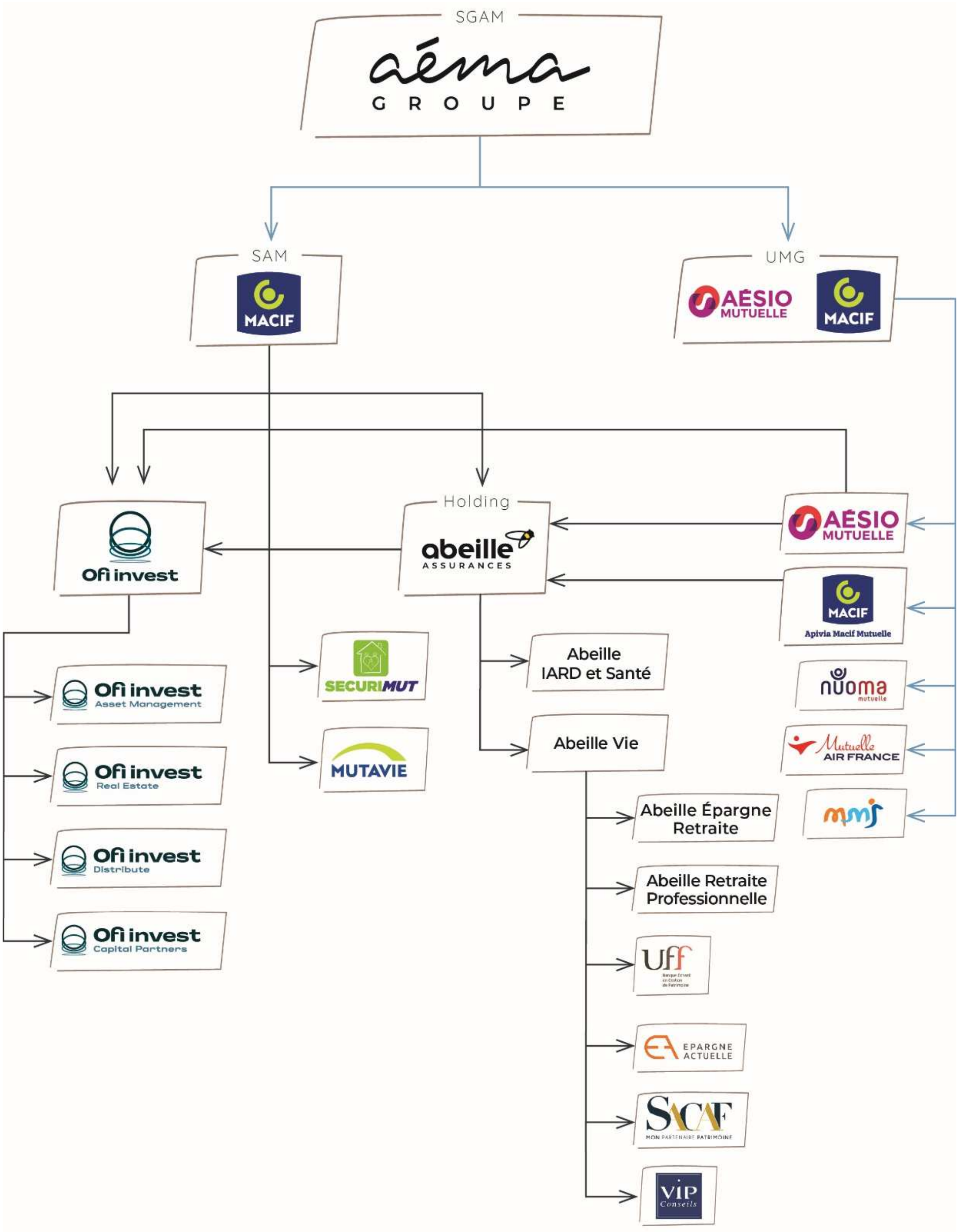




A. BUSINESS AND PERFORMANCE

A.1 Business

A.1.1 PRESENTATION OF AÉMA GROUPE



Financial solidarity ties   Capital ties

> SGAM: Mutual Insurance Group Company (Société de Groupe d'Assurance Mutuelle)
> SAM: Mutual Insurance Company (Société d'Assurance Mutuelle)
> UMG: Mutualist Union Group (Union Mutualiste de Groupe)
> Ofi Invest: asset management division

Simplified flowchart at 31 December 2023

Aéma Groupe

Aéma Groupe builds and manages strong and lasting financial solidarity ties with its affiliated companies (see section B.1.1 of the full French report for more details).

The Group's businesses are organised around four sectors:

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

AÉMA GROUPE AND THE AÉMA GROUPE 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)	Mazars(2)
Macifilia	Groupe Y(1)	
Thémis	Mazars(2)	
AESIO Mutuelle	Groupe Y(1)	Grant Thornton(4)
Apivia Macif Mutuelle	Groupe Y(1)	Mazars(2)
MNPAF	Groupe Y(1)	
NUOMA	Groupe Y(1)	
MMJ	CTF (5)	

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)
5. CTF: 19 rue du Général Foy, Paris (75)

A.1.2 LIST OF MATERIAL RELATED COMPANIES

The list of the main companies related to Aéma Groupe and those directly or indirectly owned by the Group, which are consolidated in Aéma Groupe's financial statements, is provided in Appendix 1 of the full French version of this report.

A.1.3 SIGNIFICANT EVENTS OF THE YEAR

A YEAR OF UNCERTAINTY

In 2023, a series of significant changes took place, creating a climate of uncertainty. Ongoing regional conflicts, particularly in Ukraine and the Middle East, and growing tensions in several parts of the world had an impact on global and local macro-economic parameters. Although inflation started to ease in the middle of the year, it continued to pose a challenge for the world's economies and the responses, particularly in terms of monetary policy, caused an upset in certain markets.

- **PROPERTY MARKET**

The French property market underwent major changes in 2023. Rising interest rates led to a decline in transaction volumes, which in turn caused property prices to fall. Fluctuations in these prices can affect the value of insurers' property portfolios by altering their risk and return profiles.

- **LIFE INSURANCE MARKET**

In France, the flow of new money into life insurance contracts and life insurance payouts fluctuated over the year, reflecting the macro-economic environment. All told, net new money recorded by insurers was lower than in 2022. There were several reasons for this, including an increase in surrenders to meet households' inflation-driven need for liquidity, and interest rate increases, which put life insurance products in competition with the regulated passbook savings accounts offered by the banks.

GROWING CLIMATE CONCERNS

Continuing the trend established in the prior year, 2023 was the second hottest year on record in France, leading once again to an exceptionally high level of climate-related claims. The Ciaran and Domingos storms, which swept across the west and north of France in the autumn, were the most critical annual events, followed by drought and flooding.

Although the volume of claims was down on 2022, the repercussions of climate change varied from one region of France to another, with the number and severity of events caused by certain major natural phenomena increasing significantly. This inevitably triggered changes in the reinsurance market, upsetting the balance between reinsurers and insurers by forcing the insurers to retain a greater share of the risk exposure.

REPAYMENT OF SUBORDINATED DEBT (REDEEMABLE SUBORDINATED NOTE)

On 8 March 2023, Macif SAM redeemed a €400 million subordinated note classified as Tier 2 capital under Solvency II. The annual interest rate on the note was 5.5%. The note was included in Solvency II own funds at both Macif SAM and Group level. The Group anticipated its redemption at maturity, which was mandatory, by refinancing the debt a few months in advance. As a result, the redemption had only a limited impact on the SCR coverage ratio.

A.1.4 BUSINESS REVIEW

AÉMA GROUPE'S MAIN BUSINESSES

This report includes chapters discussing the businesses of each of the main undertakings that make up Aéma Groupe.

OTHER AÉMA GROUPE BUSINESSES

Inter Mutuelles Assistance (IMA)

IMA is an assistance group made up of companies based in Europe and Morocco. All of these companies are owned by IMA SA, the sub-group's holding company, which is 29.57%-owned by Macif SAM. IMA's subsidiary Inter Mutuelle Habitat (IMH) also provides expert appraisal and repair services in the housing sector. In 2023, the IMA sub-group reported a revenue of €951 million, compared with €1,004 million in 2022, a decline of 5%. Its attributable consolidated net profit for the year amounted to €25.6 million.

Inter Mutuelles Entreprises (IME)

IME, a limited company (*société anonyme*) governed by the French Insurance Code, is a joint venture between Macif and Matmut set up to provide comprehensive civil liability and property damage insurance solutions for professionals and businesses. IME is 40%-owned by Macif SAM. It reported earned premiums of €70 million in 2023, up 5.9% from €66 million the previous year. Its net profit for the year amounted to €2.7 million.

Abeille Retraite Professionnelle (ARP)

Abeille Retraite Professionnelle (ARP), a limited company (*société anonyme*) governed by the French Insurance Code, is a wholly-owned subsidiary of Abeille Vie. It was licensed by France's banking and insurance supervisor (ACPR) to operate as an institution for occupational retirement (*fonds de retraite professionnelle supplémentaire* – FRPS) in November 2018. FRPSs are a new category of supplementary pension institution introduced in the Sapin II Act. ARP had premium income of €0.9 billion in 2023, up 0.2% compared with 2022. It ended the year with a net loss of €0.5 million, vs. a €4.5 million loss in 2022.

Épargne Actuelle

Épargne Actuelle is an insurance brokerage registered with the *Organisme pour le registre des intermédiaires en assurance* (Orias). It is a wholly-owned subsidiary of Abeille Vie, specialised primarily in distributing AFER group life insurance contracts. On 29 December 2023, the brokerage company Les Bureaux de l'Épargne was merged into Épargne Actuelle with retroactive effect from 1 October 2023 for tax and accounting purposes.

Épargne Actuelle's net profit was stable in 2023 at €13.1 million.

Union Financière de France Banque (UFF)

UFF is substantially wholly owned, directly or indirectly, by Abeille Assurances Holding. It has been licensed to operate as a credit institution and investment services provider (ISP) since 1 March 2023. The licence covers investment advisory services, reception and transmission of orders (RTO), placing of financial instruments without a firm commitment basis, and account management services. UFF reported net profit of €2.2 million in 2023, down €2.2 million compared with 2022.

Socram Banque

Socram Banque is a consumer finance and banking institution. At 31 December 2023, it had:

- €1,352 million worth of loans (up 10.3% year-on-year);
- €1,070 million worth of demand deposits and on-balance sheet savings deposits (down 6.3% year-on-year).

At that date, it provided banking services to 116,189 customers of Macif SAM. The Socram Banque sub-group reported attributable net profit of €1.7 million in 2023.

OFI Invest

OFI Invest is a limited company (*société anonyme*) that is 51%-owned by Macif SAM, 43% by Abeille Assurances Holding and 6% by AÉSIO mutuelle.

OFI Invest combines all of Aéma Groupe's asset management activities (listed and unlisted financial assets, real estate assets) within a single division.

In 2023, OFI Invest's net profit came to €39 million, a decrease of €7 million vs. 2022.

A.2 Underwriting performance

The figures in the tables in section A below, are taken from Aéma Groupe's 2023 annual report.

NET PROFIT BY SECTOR (IN THOUSANDS OF EUROS)

	Property & Casualty	Savings/Retirement	Health/Personal Risk	Asset management	Total 2023	Total 2022	Change 2023/2022
Earned premiums	5,702,450	6,552,633	3,327,130		**15,582,213**	16,084,682	-502,469
Benefit expense*	(4,808,282)	(5,894,763)	(2,744,625)		**(13,447,669)**	(14,352,620)	+904,951
Gross margin	**894,168,257**	**657,871**	**582,506**		**2,134,545**	**1,732,062**	**+402,483**
Income/expenses net of reinsurance	(108,032)	(11,865)	(6,888)		**(126,784)**	367,855	-494,639
Net margin	**786,136,172**	**646,006**	**575,618**		**2,007,760**	**2,099,916**	**-92,156**
Management expenses	(1,123,101)	(755,312)	(530,375)		**(2,408,788)**	(2,306,269)	-102,518
Other technical income and expenses	(31,198)	219,731	(76,075)	40,488	**152,946**	117,498	+35,448
Technical margin	**(368,163)**	**110,426**	**(30,833)**	**40,488**	**(248,082)**	**(88,855)**	**-159,226**
Financial margin	**286,246**	**(27,963)**	**62,219**	**39,760**	**360,262**	**300,539**	**+59,722**
Other non-technical and non-financial income and e	**15,178**	**18,377**	**(61,632)**	**(33,191)**	**(61,268)**	**(89,769)**	**+28,501**
Net profit attributable to the Group	**(66,738)**	**100,840**	**(30,246)**	**47,056**	**50,912**	**121,915**	**-71,003**

* including unit-linked adjustments

The Group's earned premiums totalled €15,582 million in 2023, representing a decrease of €502 million vs. 2022. The decline was due to the 11% fall in Savings/Retirement gross new money, against a backdrop of rising interest rates. Property & Casualty premiums were up 4.2% and Health/Personal Risk premiums were 2.7% higher.

Net profit attributable to the Group totalled €51 million in 2023 vs. €122 million in 2022, a decline of €71 million.

The main balances contributing to Group results were as follows:

- The technical margin was a negative €248 million vs. a negative €89 million in 2022, representing a €159 million deterioration.
  The Property & Casualty technical balance showed a deficit of €368 million, due to significant climate-related claims, inflation-driven rises in average costs and less favourable conditions in the reinsurance market (increased retention rates, reduced capacity).
  The Health/Personal Risk technical balance also showed a deficit, in the amount of €31 million in 2023, which was €71 million less than the 2022 deficit. The improvement reflected the benefits of the price increases that came into effect at the end of 2022.
  Strict cost discipline helped to drive positive technical margins in the Savings/Retirement and Asset Management sectors, in the amount of €110 million and €40 million respectively.
  Management expenses were tightly controlled overall, with the increase of 4.4% representing less than the average inflation rate for 2023.

- The financial margin stood at €360 million, an increase of €60 million vs. 2022 that was attributable to higher interest rates.

A.3 Investment performance

NET INVESTMENT INCOME (IN THOUSANDS OF EUROS)

	2023	2022	Change 2023/2022
Investment income	2,432,611	1,810,038	+622,573
Investment expenses	(422,281)	(228,187)	-194,094
Capital gains and losses on disposals	(309,566)	(889,255)	+579,689
Change in impairment losses on investments	(313,345)	(276,855)	-36,490
Profit sharing	(1,027,158)	(115,201)	-911,956
Financial margin	**360,262**	**300,539**	**+59,722**

The financial margin stood at €360 million, up €60 million over the year. Investment income increased as a direct result of the higher market interest rates, while disposal losses fell sharply following completion of the bond disposal programmes carried out in 2022 to reposition the portfolios. Impairment losses on investments were greater than in 2022, due to falling property prices. Profit-sharing came to €1,027 million.

A.4 Other income and expenses

OTHER INCOME AND EXPENSES (IN THOUSANDS OF EUROS)

	2023	2022	Change 2023/2022
Other non-technical income and expenses	(27,863)	(26,790)	-1,072
Non-recurring income and expenses	(36,269)	17,146	-53,415
Income tax	2,574	(63,743)	+66,317
Other non-technical and non-financial income and expenses	289	(16,382)	+16,670
Other non-technical and non-financial income and expenses	(61,268)	(89,769)	+28,501

Other income and expenses represented a net expense of €61 million in 2023, a €29 million improvement compared to 2022.

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

- An income tax benefit of €3 million was recognised in 2023 vs. a €64 million expense in 2022, representing a €66 million favourable change. The reported amount covers current tax recognised in the parent company financial statements and deferred tax recognised in the combined financial statements. The swing from an expense to a benefit was mainly due to the fall in pre-tax profit.

- Non-recurring income and expenses represented a net expense of €36 million, compared to net income of €17 million in 2022, representing an unfavourable change of €53 million. Non-recurring expenses corresponded for the most part to provisions for future reorganisation costs set aside at AÉSIO mutuelle.

D. VALUATION FOR SOLVENCY PURPOSES

SOLVENCY II BALANCE SHEET AT 31 DECEMBER 2023 (IN THOUSANDS OF EUROS)

ASSETS	2023
Goodwill	0
Deferred acquisition costs	0
Intangible assets	0
Deferred tax assets	3,212
Pension benefit surplus	0
Property, plant and equipment held for own use	834,913
Investments (other than assets held for index-linked and unit-linked contracts)	93,889,769
Assets held for index-linked and unit-linked contracts	26,072,711
Loans and mortgages	868,614
Reinsurance recoverables	1,186,795
Deposits to cedants	124,020
Insurance receivables	636,991
Reinsurance receivables	301,386
Receivables (trade, not insurance)	707,609
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet pc	0
Cash and cash equivalents	535,732
Any other assets, not elsewhere shown	70,243
TOTAL ASSETS	**125,231,996**

LIABILITIES	2023
Technical provisions – non-life	8,931,816
Technical provisions – non-life (excluding index-linked and unit-linked)	71,631,302
Technical provisions – Index-linked and unit-linked	24,720,738
Contingent liabilities	25,496
Other provisions	96,113
Pension benefit obligations	237,230
Deposits from reinsurers	264,265
Deferred tax liabilities	1,010,157
Derivatives	640,617
Debts owed to credit institutions	124,541
Financial liabilities other than debts owed to credit institutions	3,456,742
Insurance payables	883,785
Reinsurance payables	157,507
Payables (trade, not insurance)	1,763,920
Subordinated liabilities	2,176,184
Any other liabilities, not elsewhere shown	13,646
TOTAL LIABILITIES	**116,134,061**

EXCESS OF ASSETS OVER LIABILITIES	**9,097,935**

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. They are 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 underlyings (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. Most of this amount is excluded from the French GAAP balance sheet, which is prepared on a historical cost basis. Derivatives are measured in the Solvency II balance sheet at their fair value at the balance sheet date.

► **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**

Deposits other than cash equivalents consist mainly of bank term deposits of more than three months and security deposits for derivative transactions. 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 not yet due.

► **Deposits to cedants**

These deposits are liquid assets deposited with cedants in connection with inward reinsurance transactions. 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.

► **Any other assets, not elsewhere shown**

This caption covers accruals (prepaid expenses, bond discounts, translation losses, 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 2023 (IN THOUSANDS OF EUROS)

ASSETS	Solvency II	French GAAP	Difference
Goodwill	0	243,802	-243,802
Deferred acquisition costs	0	582,523	-582,523
Intangible assets	0	560,151	-560,151
Deferred tax assets	3,212	320,031	-316,819
Pension benefit surplus	0	-	
Property, plant and equipment held for own use	834,913	671,770	+163,144
Investments (other than assets held for index-linked and unit-linked contracts)	93,889,769	103,560,236	-9,670,467
Property (other than for own use)	2,835,360	2,652,588	+182,772
Holdings in related undertakings and other participations	1,440,718	698,479	+742,239
Equities	2,709,266	2,796,595	-87,329
Bonds	60,722,812	71,272,572	-10,549,760
Collective investment undertakings	25,187,336	25,097,546	+89,790
Derivatives	63,665	4,515	+59,150
Deposits other than cash equivalents	930,613	1,037,941	-107,328
Other investments	0	-	
Assets held for index-linked and unit-linked contracts	26,072,711	29,766,383	-3,693,672
Loans and mortgages	868,614	868,614	+0
Loans on policies	742,676	742,676	+0
Loans and mortgages to individuals	218	218	
Other loans and mortgages	125,720	125,720	+0
Reinsurance recoverables	1,186,795	1,539,203	-352,408
Deposits to cedants	124,020	124,020	-0
Insurance receivables	636,991	1,895,761	-1,258,770
Reinsurance receivables	301,386	300,955	+431
Receivables (trade, not insurance)	707,609	819,239	-111,630
Own shares (held directly)	0	-	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	-	
Cash and cash equivalents	535,732	722,075	-186,343
Any other assets, not elsewhere shown	70,243	137,913	-67,670
TOTAL ASSETS	**125,231,996**	**142,112,674**	**-16,880,678**

The €16,881 million negative difference between total assets under Solvency II and French GAAP is due to:

► an €8,636 million valuation difference related to the change in standards;

► an €8,244 million difference related to the change of combination method for the insurance companies.

The main differences were as follows:

► negative difference of €13,201 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 a €5,590 million valuation difference and a €7,611 million methodological difference (mainly concerning Abeille Retraite Professionnelle);

- a negative difference of €1,259 million related to insurance receivables, corresponding for the most part to the cancellation of receivables for premiums that are due after the year-end;
- a negative difference of €1,386 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 2023.

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 the full French version 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 2023, six Group entities (Macif SAM, Mutavie, Apivia Macif Mutuelle, Abeille Vie, Abeille Épargne Retraite, Abeille IARD & Santé) fulfilled these conditions and applied the volatility adjustment, estimated at 20 basis points.

The effect of not applying the volatility adjustment would be:

- a €335 million increase in the Group's net technical provisions;
- a €207 million decrease in own funds eligible to cover the SCR due to the increase in provisions, partly offset by a reduction in non-transferable items (items made available by the increase in Mutavie's SCR contribution) and by the decrease in deferred tax;
- a €237 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 a 10-point decline in the SCR coverage ratio;

- a €75 million increase in the MCR, leading to a 14-point decline in the MCR coverage ratio after taking into account the €202 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

TECHNICAL PROVISIONS AT 31 DECEMBER 2023 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	1,131,122	76,933	1,208,055	(85,297)	1,122,758
Non-life	7,231,662	492,100	7,723,762	(971,785)	6,751,977
Health similar to life	1,085,072	80,015	1,165,087	(127,179)	1,037,908
Life	69,428,829	1,037,387	70,466,215	(2,534)	70,463,681
Unit-linked liabilities	24,142,202	578,536	24,720,738	-	24,720,738
TOTAL	**103,018,886**	**2,264,970**	**105,283,857**	**(1,186,795)**	104,097,062

Gross technical provisions before reinsurance and including the risk margin, amounted to €105,284 million at 31 December 2023. The risk margin was €2,265 million, representing 2.2% of the total.

Reinsurance recoverables amounted to €1,187 million, or 1.1% of the best estimate of gross technical provisions.

The reinsurance treaties mainly cover non-life risks. Technical provisions net of reinsurance at 31 December 2023 totalled €104,097 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 2023 (IN THOUSANDS OF EUROS)

	Solvency II net technical	French GAAP technical provisions	Impact of transition to Solvency II
Technical provisions net of reinsurance	101,832,091	126,282,418	-24,450,327
Risk margin	2,264,970	-	+2,264,970
TOTAL	**104,097,062**	**126,282,418**	**-22,185,356**

The Group's Solvency II net technical provisions are €24,450 million lower than under French GAAP, or €22,185 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 the full French version 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. These provisions take into account actuarial differences not recognised in the French GAAP balance sheet, as the corridor method is not recognised under Solvency II.

- **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 2023 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. Until 2022, the difference between the Solvency II and French GAAP balance sheets was due to the application of IFRS 16 (leases). From 2023, the Group no longer applies IFRS 16, following publication on 1 December 2023 of the notice relating to the methods for calculating prudential ratios.

- **Insurance and reinsurance payables**

This item includes specific 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. An exception concerns liabilities towards co-insurers, which are remeasured in line with the valuation of the related technical provisions.

The difference between the amount in the parent company balance sheet and the value used in the Solvency II balance sheet reflects the reclassification of outstanding claims provisions as other payables.

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

- **Payables (trade, not insurance)**

This item mainly comprises amounts owed to employees, trade payables, taxes other than on income including payroll taxes, and sundry payables. 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 expense projections.

- **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 2023 (IN THOUSANDS OF EUROS)

OTHER LIABILITIES	Solvency II	French GAAP	Difference
Contingent liabilities	25,496	-	+25,496
Other provisions	96,113	106,616	-10,503
Pension benefit obligations	237,230	282,197	-44,967
Deposits from reinsurers	264,265	264,265	-
Deferred tax liabilities	1,010,157	22,022	+988,135
Derivatives	640,617	149,467	+491,150
Debts owed to credit institutions	124,541	135,446	-10,905
Financial liabilities other than debts owed to credit institutions	3,456,742	3,580,424	-123,682
Insurance payables	883,785	308,886	+574,899
Reinsurance payables	157,507	95,224	+62,283
Payables (trade, not insurance)	1,763,920	1,627,410	+136,510
Subordinated liabilities	2,176,184	2,396,776	-220,592
Subordinated liabilities not included in basic own funds	-	-	-
Subordinated liabilities included in basic own funds	2,176,184	2,396,776	-220,592
Any other liabilities, not elsewhere shown	13,646	102,944	-89,298
Total excluding subordinated liabilities and deferred tax liabilities	**7,663,863**	**6,652,880**	**+1,010,983**
TOTAL	**10,850,204**	**9,071,678**	**+1,778,526**

The €1,779 million difference between the valuation of other liabilities under Solvency II and French GAAP reflects the combined impact of:

- a €2,296 million positive valuation difference arising from the change in standards. This difference is mainly comprised of;
  - the recognition of deferred tax liabilities (€999 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 €580 million;
  - fair value adjustments to derivatives recognised as liabilities for €510 million.
- A €518 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 2023 (IN THOUSANDS OF EUROS)

	2023
French GAAP/Solvency II valuation differences	1,396,225
Effect of temporary differences – French GAAP	(386,067)
TOTAL	**1,010,157**

Subordinated liabilities

The Group's subordinated liabilities were issued by Macif SAM and, more recently, by Abeille Vie for €500 million in September 2022. In 2023, Macif SAM redeemed at maturity the €400 million worth of redeemable subordinated notes issued in 2013.

SUBORDINATED DEBT AT 31 DECEMBER 2023

At 31 December 2023, the value of subordinated liabilities under Solvency II was €2,176 million. The negative difference of €221 million vs. the French GAAP balance sheet reflects the measurement of subordinated liabilities at fair value under Solvency II.

Total subordinated liabilities comprise two categories of securities issued on three different dates. Their characteristics are summarised in the table below:

(in € thousands)

Issuer	Macif	Macif	Macif	Macif	Abeille Vie
Description	Perpetual subordinated notes	Perpetual subordinated notes	Redeemable subordinated notes	Redeemable subordinated notes	Redeemable subordinated notes
Issue date	6 Oct. 2014	21 June 2021	21 June 2021	21 June 2021	5 Sept. 2022
Duration	Perpetual, with early redemption option as at 6 Oct. 2024	Perpetual, with early redemption option (six-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	Euro	Euro	Euro
Amount	124,400	400,000	850,000	500,000	500,000
Number of securities	1,244	4,000	8,500	5,000	5,000
Nominal value	100	100	100	100	100
Nominal rate	Fixed rate of 3.916% until 6 Oct. 2024 then 3-month Euribor +380 bps	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 0.625%
Redemption price	Nominal value	Nominal value	Nominal value	Nominal value	Nominal value
Issue costs	578	3,972	5,252	2,839	5,970
Amortisation	-	-	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	**123,327**	**358,306**	**725,413**	**458,344**	**510,794**

E. CAPITAL MANAGEMENT

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 15 November 2023.

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.

In September 2022, Abeille Vie issued a €500 million subordinated note on the market.

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

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 Groupe 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	
Surplus 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 surplus 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 2023 (IN MILLIONS OF EUROS)

Available Solvency II own funds amounted to €11,112 million at 31 December 2023, representing €5,913 million more than under French GAAP, with:

- the remeasurement of assets and liabilities under Solvency II adding €2,827 million;
- inclusion in surplus funds of the profit-sharing reserves of Mutavie, Abeille Vie, AER and Apivia Macif Mutuelle adding €1,057 million;
- subordinated debt issues on the market adding €2,176 million, or 20% of Solvency II own funds;

- own funds not available to the Group (€169 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)

	2023	2022	Change 2023/2022
Tier 1 basic own funds	8,720,035	8,921,929	-201,894
Unrestricted Tier 1 own funds	8,238,402	8,462,962	-224,559
Restricted Tier 1 own funds	481,633	458,968	+22,666
Tier 2 own funds	1,243,361	1,596,879	-353,519
Tier 2 basic own funds	1,236,207	1,596,232	-360,025
Tier 2 ancillary own funds	7,153	647	+6,507
Tier 3 basic own funds	461,082	435,013	+26,069
Own funds of other financial sectors	687,830	612,122	+75,708
TOTAL	**11,112,308**	**11,565,943**	**-453,635**

The Group's Solvency II own funds stood at €11,112 million at 31 December 2023, a decrease of €454 million vs. 2022 that was primarily due to the €400 million of subordinated debt redeemed by Macif SAM.

At 31 December 2023, 78% 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 €123 million);
- in line with Solvency II criteria for the 2021 issue (valued at €358 million).

Basic Tier 2 own funds (11% of own funds for €1,236 million) consist of redeemable subordinated debt issued in 2021 and 2022 (valued at €725 million and €511 million respectively at 31 December 2023). These debts are classified as Tier 2 own funds in accordance with Solvency II criteria.

Tier 2 ancillary own funds of €7 million 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 €458 million at 31 December 2023) and net deferred tax assets.

The own funds of the other financial sectors (6% of the Group's own funds) come from the institution for occupational retirement provision, Abeille Retraite Professionnelle (ARP), and from 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 2023, all Solvency II capital requirements were met. The Group's total available Solvency II own funds of €11,112 million at 31 December 2023 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 €601 million at 31 December 2023. Total eligible own funds to cover the MCR amounted to €9,321 million.

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)

	2023	2022	Change 2023/2022
Market risk SCR	3,981,564	3,874,692	+106,872
Counterparty risk SCR	281,417	248,603	+32,814
Life underwriting risk SCR	2,001,255	2,377,922	-376,667
Health underwriting risk SCR	797,029	741,454	+55,575
Non-life underwriting risk SCR	2,224,367	1,895,871	+328,496
Diversification between modules	(3,129,609)	(3,071,240)	-58,369
Intangible asset risk SCR	0	0	0
Basic SCR	6,156,023	6,067,303	+88,721
Operational risk SCR	595,115	572,529	+22,586
Loss-absorbing capacity of deferred taxes	(887,319)	(825,802)	-61,518
Diversified SCR	5,863,818	5,814,030	+49,789
SCR for entities not controlled by the Group	88,623	52,352	+36,271
SCR for other financial sectors	302,219	282,470	+19,750
Total Group SCR	6,254,660	6,148,851	+105,809
MCR	3,006,211	2,822,959	+183,252

At 31 December 2023, Aéma Groupe's SCR was €6,255 million, an increase of €106 million compared to 31 December 2022 that reflected:

- changes in the market environment (falling interest rates and rising equity markets), which led to an increase in the market risk SCR;
- the commutation of an Abeille IARD & Santé reinsurance treaty which, coupled with the higher incidence of claims (climate, inflation) and lower rates, generated an increase in non-life and health underwriting risks;
- partly offset by a decrease in life underwriting risk SCR.

E.2.2 SCR AND MCR COVERAGE RATIOS

The Group's SCR coverage ratio fell to 178% at 31 December 2023 from 188% at the previous year-end. The 10-point decrease reflects a €454 million decline in eligible own funds and a €106 million increase in the SCR.

The MCR was 26 points lower at 310%.

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 2023.

Macif SAM

D. VALUATION FOR SOLVENCY PURPOSES

Macif SAM's Solvency II balance sheet is available in the undertaking's QRT appendices (S.02.01.02), included in the full French version of this report.

D.1 Assets

D.1.1 DESCRIPTION OF ASSET VALUATION PRINCIPLES AND METHODS

Investment 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 2023 (IN THOUSANDS OF EUROS)

OTHER ASSETS	Solvency II	French GAAP	Difference
Goodwill	0	0	0
Deferred acquisition costs	0	87,794	+87,794
Intangible assets	0	223,902	+223,902
Deferred tax assets	0	0	0
Pension benefit surplus	0	0	0
Property, plant and equipment held for own use	666,138	386,666	-279,472
Investments (other than assets held for index-linked and unit-linked contracts)	15,290,757	11,413,920	-3,876,837
Property (other than for own use)	584,465	289,487	-294,978
Holdings in related undertakings and other participations	6,207,176	2,638,378	-3,568,798
Equities	295,427	229,788	-65,639
Bonds	5,940,190	6,286,813	+346,623
Collective investment undertakings	2,263,498	1,969,455	-294,043
Derivatives	0	0	0
Deposits other than cash equivalents	0	0	0
Other investments	0	0	0
Assets held for index-linked and unit-linked contracts	0	0	0
Loans and mortgages	25	25	0
Loans on policies	0	0	0
Loans and mortgages to individuals	25	25	0
Other loans and mortgages	0	0	0
Reinsurance recoverables	813,504	1,036,549	+223,045
Deposits to cedants	13,076	13,076	0
Insurance receivables	173,750	892,532	+718,782
Reinsurance receivables	213,841	215,854	+2,013
Receivables (trade, not insurance)	331,942	246,593	-85,349
Own shares (held directly)	0	0	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0	0	0
Cash and cash equivalents	60,175	60,175	0
Any other assets, not elsewhere shown	43,998	45,479	+1,481
TOTAL ASSETS	17,607,205	14,622,565	-2,984,640

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

- Holdings in related undertakings and other participations: at 31 December 2023, holdings in related undertakings amounted to €6,207 million in the Solvency II balance sheet including positive fair value adjustments to the investments in Mutavie for €1,667 million and Abeille Assurances for €1,664 million.
- Bonds, which amounted to €5,940 million at 31 December 2023, 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 €2,263 million at 31 December 2023, representing 15% of total investments.

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 OUTSTANDING CLAIMS RESERVES

The best estimate of outstanding claims reserves 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.

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 2023.

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

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 9 points and the MCR coverage ratio by 36 points. The adjustment increased the best estimate of gross provisions by €95.8 million and reduced eligible own funds by €230 million at 31 December 2023.

D.2.2 GROSS TECHNICAL PROVISIONS AND REINSURANCE RECOVERABLES

TECHNICAL PROVISIONS AT 31 DECEMBER 2023 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	167,099	31,483	198,582		195,663
Non-life	4,827,189	257,649	5,084,838		4,299,708
Health similar to life	636,969	33,735	670,704		645,249
Life	633,857	33,989	667,846		667,846
Unit-linked liabilities	-	-	-		-
TOTAL TECHNICAL PROVISIONS	**6,265,114**	**356,855**	**6,621,969**	**(813,504)**	**5,808,465**

The best estimate of gross technical provisions at 31 December 2023 amounted to €6,265 million. Non-life provisions (provisions for premiums and outstanding claims reserves) represented 80% of the total and life technical provisions (annuity claims provisions) accounted for 20%.

The risk margin amounted to €357 million, representing 5% of the total best estimate of gross technical provisions.

Reinsurance recoverables stood at €814 million, representing 12% of total gross technical provisions.

All told, net technical provisions under Solvency II amounted to €5,808 million at 31 December 2023.

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 premiums, net technical provisions at 31 December 2023 were €1,385 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 €1,250 million);
- future payment flows are estimated using conservative assumptions under French GAAP and from an economic perspective under Solvency II (impact of €492 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 €357 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 outstanding claims reserves;
  - 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 2023 (IN THOUSANDS OF EUROS)

		French GAAP	
Other technical provisions	0	0	0
Contingent liabilities	25,496	0	+25,496
Other provisions	19,050	58,088	-39,038
Pension benefit obligations	128,673	0	+128,673
Deposits from reinsurers	84,943	84,943	0
Deferred tax liabilities	624,951	0	+624,951
Derivatives	0	0	0
Debts owed to credit institutions	41,465	41,465	0
Financial liabilities other than debts owed to credit institutions	1,102,392	1,351,728	-249,336
Insurance payables	20,875	20,875	0
Reinsurance payables	29,436	29,436	0
Payables (trade, not insurance)	284,087	330,253	-46,166
Subordinated liabilities	1,665,390	1,887,100	-221,710
Subordinated liabilities not included in basic own funds	0	0	0
Subordinated liabilities included in basic own funds	1,665,390	1,887,100	-221,710
Any other liabilities, not elsewhere shown	1,481	1,481	0
Total excluding subordinated liabilities and deferred tax liabilities	**1,737,898**	**1,918,268**	**-180,371**
TOTAL	**4,028,238**	**3,805,368**	**+222,870**

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 €29 million in 2023.

- Pension benefit obligations include post-employment benefits and other long-term employee benefits (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 €129 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.

CHARACTERISTICS OF MACIF SAM SUBORDINATED DEBT (IN THOUSANDS OF EUROS)

Description	Perpetual subordinated notes	Perpetual subordinated notes	Redeemable subordinated notes	Redeemable subordinated notes	
Issue date	6 October 2014	21 June 2021	21 June 2021	21 June 2021	
Duration	Perpetual, with early redemption option as at 6 Oct. 2024	Perpetual, with early redemption option (six-month call until 21 June 2029)	31 years, with early redemption option (3-month call until 21 June 2032)	6 years	
Currency	Euro	Euro	Euro	Euro	
Amount	124,400	400,000	850,000	500,000	
Number of securities	1,244	4,000	8,500	5,000	
Nominal value	100	100,000	100,000	100,000	
Nominal rate	Fixed rate of 3.916% until 6 Oct. 2024 then 3-month Euribor +380 bps	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%	
Redemption price	Nominal value	Nominal value	Nominal value	Nominal value	
Issue costs	578	3,972	5,252	2,839	
Amortisation			Redemption at par on 21 June 2052	Redemption at par on 21 June 2027	
Associated derivatives					
Value under Solvency II	**123,327**	**358,306**	**725,413**	**458,344**	**1,665,390**

E. CAPITAL MANAGEMENT

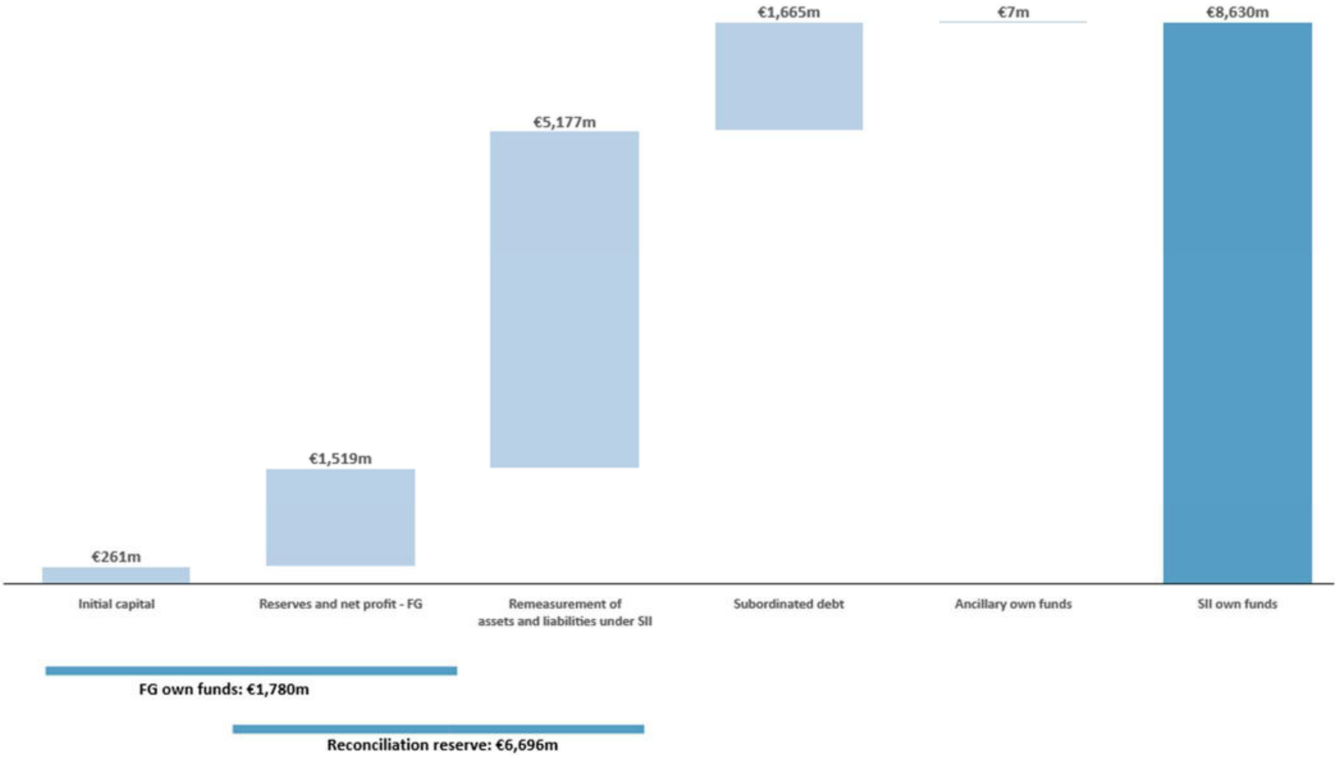
E.1 Own funds

E.1.1 OWN FUNDS MANAGEMENT POLICY

The "umbrella" capital management policy was approved by Aéma Groupe's Board of Directors on 15 November 2023, and then rolled down to all Group companies. The policy was approved by Macif SAM's Board of Directors on 12 December 2023.

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 2023



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 27 March 2023, 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 2023 amounted to €6,696 million, breaking down as follows:

- €1,519 million carried over from the French GAAP accounts (French GAAP equity, excluding initial capital of €262 million);
- €5,177 million from the measurement of assets and liabilities at fair value under Solvency II.

SUBORDINATED DEBT

Subordinated liabilities at 31 December 2023 amounted to €1,665 million, including redeemable subordinated notes for €1,183 million and perpetual subordinated notes for €482 million.

E.1.3 QUALITY OF OWN FUNDS

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

	2023	2022	Change 2023/2022
TIER 1	**7,438,631**	**7,643,459**	**-204,828**
Basic unrestricted own funds	6,956,997	7,184,491	-227,494
Basic unrestricted own funds	481,633	458,968	+22,665
TIER 2 OWN FUNDS	**732,566**	**1,090,848**	**-358,282**
Basic own funds	725,413	1,090,201	-364,788
Ancillary own funds	7,153	647	+6,506
TIER 3 OWN FUNDS	**458,344**	**432,898**	**+25,446**
Basic own funds	458,344	432,898	+25,446
Ancillary own funds			0
TOTAL BASIC OWN FUNDS	8,622,387	9,166,557	544,170
TOTAL ANCILLARY OWN FUNDS	7,153	647	+6,506
TOTAL AVAILABLE SOLVENCY II OWN FUNDS	**8,629,541**	**9,167,204**	**537,663**

BASIC OWN FUNDS

The subordinated liabilities described in section D.3 are 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 note issued by Macif SAM in 2014 was 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. This note is classified as restricted Tier 1 in application of the transitional measures;
- the subordinated notes issued by Macif SAM in 2013 with a net book value of €400 million were redeemed in 2023, leading to a corresponding decrease in Tier 2 own funds.

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

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

Available Solvency II own funds decreased by €538 million between 2022 and 2023.

ANCILLARY OWN FUNDS

A call for additional contributions, once issued, has the characteristics of Tier 1 basic own funds. In accordance with Article 75 of Commission Delegated Regulation (EU) 2015/35, 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.

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 2023, the ineligible portion amounted to €39 million (at 31 December 2022, €201 million). The quantitative limit on Tier 3 own funds was met. Solvency II own funds eligible to cover the SCR of Macif SAM amounted to €8,591 million at 31 December 2023.

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 €140 million. Total eligible own funds to cover the MCR amounted to €7,579 million.

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 CHANGES IN SCR AND MCR

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

	2023	2022	Change 2023/2022
Market risk SCR	2,620,056	2,614,187	+5,869
Counterparty risk SCR	75,082	65,419	+9,663
Life underwriting risk SCR	46,187	41,896	+4,291
Health underwriting risk SCR	214,189	221,128	-6,939
Non-life underwriting risk SCR	1,251,898	1,164,272	+87,626
Diversification between modules	(940,336)	(899,885)	-40,451
Intangible asset risk SCR			
Basic SCR	**3,267,076**	**3,207,017**	**+60,059**
Operational risk SCR	155,547	146,093	+9,454
Loss-absorbing capacity of deferred taxes	(624,951)	(708,020)	+83,069
TOTAL NET SCR	**2,797,672**	**2,645,090**	**+152,582**
MCR	**699,418**	**661,272**	**+38,146**

The SCR amounted to €2,798 million at 31 December 2023, up €153 million or 5.8% vs. 31 December 2022. The year-on-year change primarily reflected the €88 million increase in non-life underwriting risk and the €83 million loss-absorbing capacity of deferred taxes. These impacts were due for the most part to the higher incidence of claims in 2023 (climate risks) and the unfavourable economic conditions (effect of lower interest rates in 2023).

Market risk was relatively stable (up €6 million).

At 31 December 2023, the MCR amounted to €699 million. The €38 million increase vs. 31 December 2022 (up 5.8%) was in line with the growth 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 2023 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 decreased by 32 points to 307% at 31 December 2023, reflecting a 4.2% decrease in own funds and a 5.8% increase in the SCR. Economic conditions (lower interest rates, higher equity prices and the 2023 matching adjustment), combined with the high incidence of claims (climate risks), go a long way towards explaining the decline in coverage ratios in 2023.

The MCR coverage ratio was 92 points lower at 1,084%, thanks to a decline in eligible own funds and an increase in the MCR compared with 31 December 2022.

ABEILLE VIE

D. VALUATION FOR SOLVENCY PURPOSES

Abeille Vie's Solvency II balance sheet is available in the undertaking's QRT appendices (S.02.01.02) in the full French version of this report.

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, subject to the following specificities:

1. PARTICIPATION

The table below provides details of the main 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	Participation	Participation	Solvency II valuation
Abeille Retraite Professionnelle	Participation	Participation	Solvency II valuation
Union Financière de France	Participation	Participation	Market value
Épargne Actuelle	Participation	Participation	Economic value
SACAF	Participation	Participation	Economic value
Abeille Développement Vie	Participation	Participation	Economic value
VIP Conseil	Participation	Participation	Economic value
Abeille Investissements	Participation	Unlisted equities	
Abeille Impact Investing France	Participation	Unlisted equities	
Abeille Assurances Ventures	Participation	Unlisted equities	
Groupe Astoria	Participation	Unlisted equities	
Épargne Family	Participation	Investment funds	

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 2023 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Goodwill	-	-	-
Deferred acquisition costs	-	12,655	-12,655
Intangible assets	-	15,070	-15,070
Deferred tax assets	-	-	-
Pension benefit surplus	-	-	-
Property, plant and equipment held for own use	8,760	8,760	-
Investments (other than assets held for index-linked and unit-linked contracts)	35,133,013	35,560,435	-427,422
Property (other than for own use)	486,253	3,121,573	-2,635,320
Holdings in related undertakings and other participations	2,499,435	1,688,117	+811,318
Equities	1,668,958	14,881	+1,654,077
Bonds	20,471,775	22,929,796	-2,458,021
Collective investment undertakings	9,584,488	7,447,628	+2,136,860
Derivatives	63,665	-	+63,665
Deposits other than cash equivalents	358,440	358,440	-
Other investments	-	-	-
Assets held for index-linked and unit-linked contracts	17,952,334	17,950,413	+1,921
Loans and mortgages	687,148	664,061	+23,087
Loans on policies	401,926	393,611	+8,315
Loans and mortgages to individuals	-	-	-
Other loans and mortgages	285,222	270,450	+14,772
Reinsurance recoverables	56,051	56,162	-111
Deposits to cedants	103,332	103,332	-
Insurance receivables	15,258	15,258	-
Reinsurance receivables	111	-	+111
Receivables (trade, not insurance)	141,738	139,133	+2,605
Own shares (held directly)	-	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid	-	-	-
Cash and cash equivalents	238,429	238,429	-
Any other assets, not elsewhere shown	14,953	480,067	-465,114
TOTAL ASSETS	**54,351,127**	**55,243,775**	**-892,648**

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 2023, the bond portfolio amounted to €20,472 million, representing 38% of total assets. The €2.5 billion decrease vs. the amount in the French GAAP balance sheet reflects the effects of measuring bonds using the fair value model and of reclassifying bond premiums/discounts and accrued interest (presented in "Any other assets not elsewhere shown" and "Any other liabilities not elsewhere shown" in the French GAAP balance sheet);
- Collective investment undertakings in the Solvency II balance sheet represented €9,584 million, or 18% of total assets. The €2,137 million increase vs. 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 effects of measuring investment funds (including investments in property companies and funds) using the fair value model.
- Holdings in related undertakings and other participations totalled €2,499 million in the Solvency II balance sheet, representing 5% of total assets. The €811 million increase vs. the French GAAP balance sheet was due to the use of different valuation methods in the Solvency II balance sheet and the reclassification under "Unlisted equities" or "Investment funds" of shares not qualified as "participations" under Solvency II.
- Equities totalled €1,669 million in the Solvency II balance sheet, representing 3% 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 €486 million in the Solvency II balance sheet at 31 December 2023, representing 1% of total assets. The €2.6 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 A 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 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 applying the projection modules are used in particular 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 2023 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 20 bps at 31 December 2023 vs. 19 bps at end-2022.

- 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 2023 and 31 December 2022.

- Expenses

All of Abeille Vie'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.

More generally, account is taken of all the life insurance risks presented above in section C.1.1.1 of the full French version of this report.

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 17 points and the MCR coverage ratio by 35 points.

Details of the impact of the volatility adjustment on technical provisions, shareholders' equity, SCR and MCR are presented in QRT S.22.01.21 in the full French version of this report.

D.2.2 GROSS TECHNICAL PROVISIONS AND REINSURANCE RECOVERABLES

TECHNICAL PROVISIONS AT 31 DECEMBER 2023 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	337,078		337,078	(4,195)	332,883
Non-life			-		-
Health similar to life	108,568		108,568	(51,221)	57,347
Life	27,199,547	471,369	27,670,916	(634)	27,670,281
Unit-linked liabilities	17,187,322	293,104	17,480,426		17,480,426
TOTAL TECHNICAL PROVISIONS	**44,832,515**	**764,473**	**45,596,988**	**(56,051)**	**45,540,937**

The best estimate of gross technical provisions at 31 December 2023 amounted to €44,833 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 €764 million, representing 2% of the total best estimate. Reinsurance recoverables stood at €56 million, representing 0.1% of total gross technical provisions. All told, net technical provisions under Solvency II amounted to €45,541 million at 31 December 2023.

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 2023 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 2023 (IN THOUSANDS OF EUROS)

	Solvency II	French GAAP	Difference
Other technical provisions	-	11,696	- 11,696
Contingent liabilities	-	-	-
Other provisions	9,304	9,304	-
Pension benefit obligations	7,760	8,936	- 1,176
Deposits from reinsurers	51,084	51,084	-
Deferred tax liabilities	299,517	-	+299,517
Derivatives	442,840	-	+442,840
Debts owed to credit institutions	97	97	-
Financial liabilities other than debts owed to credit institutions	1,840,656	1,841,821	- 1,165
Insurance payables	492,452	114,487	+377,964
Reinsurance payables	9,572	9,572	-
Payables (trade, not insurance)	98,764	121,309	-22,545
Subordinated liabilities	1,112,402	1,140,000	-27,598
Subordinated liabilities not included in basic own funds	-	-	-
Subordinated liabilities included in basic own funds	*1,112,402*	*1,140,000*	*-27,598*
Any other liabilities, not elsewhere shown	1,165	253,038	-251,873
Total excluding subordinated liabilities	**2,953,694**	**2,421,346**	**+532,349**
TOTAL	**4,365,613**	**3,561,346**	**+804,268**

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 deferred tax assets recognised in respect of tax loss carryforwards.
- Insurance payables: the €378 million increase in the Solvency II balance sheet is explained by the reclassification from technical provisions of the provision for life outstanding claims.
- Fair value adjustments to derivatives, for €443 million.
- Subordinated debt: the €28 million increase in the Solvency II balance sheet corresponds to fair value adjustments to subordinated debt.

These issues, the characteristics of which are described below, have been remeasured in accordance with Solvency II, including accrued interest.

(in € thousands)	Abeille Vie		
Description	Perpetual subordinated notes	Redeemable subordinated notes	Redeemable subordinated notes
Issue date	16/8/2019	10/12/2021	9/9/2022
Underwritten by:	Abeille Assurances Holding	La Macif	External institutional investors
Duration	10.5 years	10 years	11 years
Currency	Euro	Euro	Euro
Amount	290,000	350,000	500,000
Maturity/call date	16/2/2030	10/12/2031	9/9/2033
Nominal rate	6-month Euribor +4.05 pts	2.20%	6.25%
Value under Solvency II	**302,444**	**299,164**	**510,794**

The notes are eligible for inclusion in Tier 2 own funds under Solvency II. Subordinated debt amounted to €1,112 million in the Solvency II balance sheet at 31 December 2023.

E. CAPITAL MANAGEMENT

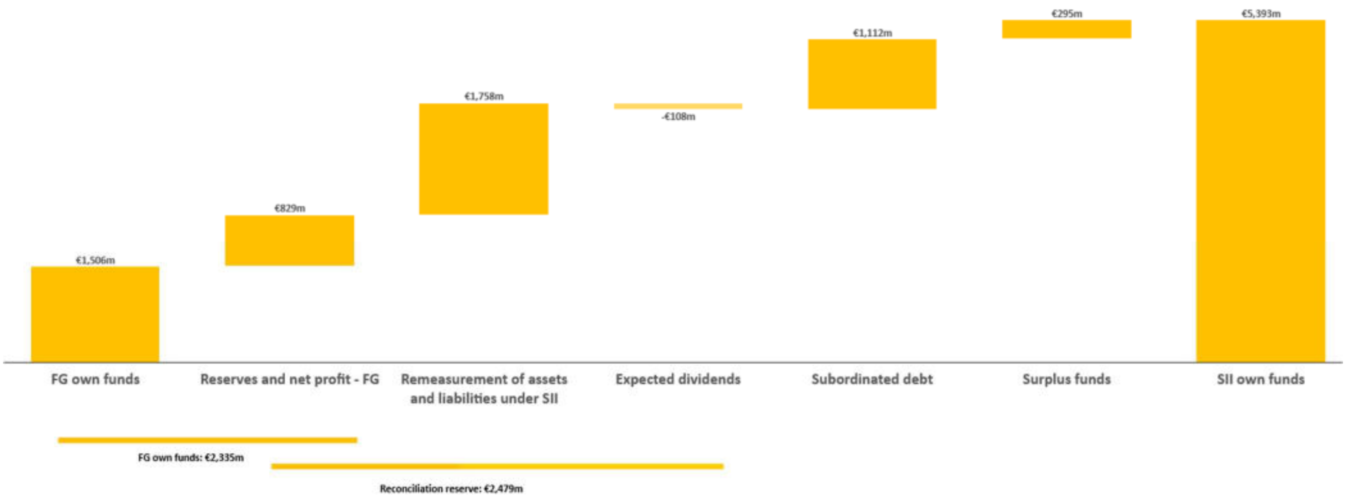
E.1 Own funds

E.1.1 OWN FUNDS MANAGEMENT POLICY

The "umbrella" capital management policy was approved by Aéma Groupe's Board of Directors on 15 November 2023, and then rolled down to Abeille Vie. The policy was approved by Abeille Vie's Board of Directors on 18 December 2023.

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 2023



The components of Abeille Vie's Solvency II own funds are defined in the chapter concerning Aéma Groupe.

The total reconciliation reserve at 31 December 2023 amounted to €2,479 million, breaking down as follows:

- €829 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
- €1,758 million from the remeasurement of assets and liabilities at fair value under Solvency II; less
- €108 million in expected dividends.

At 31 December 2023, Abeille Vie's regulatory calculation resulted in 68% of eligible profit-sharing reserves being allocated to surplus funds.

E.1.3 QUALITY OF OWN FUNDS

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

	2023	2022	Change 2023/2022
TIER 1	4,280,525	4,230,890	+49,636
Basic unrestricted own funds	4,280,525	4,230,890	+49,636
TIER 2 OWN FUNDS	1,112,402	1,095,012	+17,390
Basic own funds	1,112,402	1,095,012	+17,390
TOTAL BASIC OWN FUNDS	5,392,927	5,325,901	+67,026
TOTAL AVAILABLE SOLVENCY II OWN FUNDS	5,392,927	5,325,901	+67,026

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

Available Solvency II own funds increased by €67 million in 2023 vs. 2022, reflecting:

- the impact of changing economic conditions; partly offset by
- the impact of applying updated assumptions.

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

ELIGIBLE OWN FUNDS TO COVER THE SCR

The own funds eligible to cover the SCR 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 SCR were limited to €1,049 million at 31 December 2023. Total eligible own funds to cover Abeille Vie's SCR amounted to €5,330 million at 31 December 2023 (compared with available own funds of €5,393 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 €173 million at 31 December 2023. Total eligible own funds to cover the MCR amounted to €4,454 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)

	2023	2022	Change
Market risk SCR	1,788,942	1,817,380	-28,438
Counterparty risk SCR	45,065	40,478	+4,587
Life underwriting risk SCR	942,026	1,185,778	-243,752
Health underwriting risk SCR	0	0	0
Non-life underwriting risk SCR	0	0	0
Diversification between modules	(541,328)	(625,194)	+83,866
Intangible asset risk SCR	0	0	0
Basic SCR	**2,234,705**	**2,418,442**	**-183,737**
Operational risk SCR	151,723	146,938	+4,784
Loss-absorbing capacity of deferred taxes	(288,345)	(222,746)	-65,599
TOTAL NET SCR	**2,098,083**	**2,342,635**	**-244,551**
MCR	**866,774**	**752,782**	**+113,991**

Abeille Vie's SCR calculated using the standard formula was €2,098 million at 31 December 2023, a decline of 10% compared to end-2022 reflecting in particular:

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

These changes led to a decrease in life underwriting risk and a decrease in market risk that was mainly due to changing economic conditions (lower interest rates and higher 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 2023 was €867 million.

E.2.2 SCR AND MCR COVERAGE RATIOS

The SCR coverage ratio improved to 254% at 31 December 2023 from 227% at the end of 2022, reflecting the combined effect of the €245 million (10%) decrease in the SCR and the €4 million increase in eligible own funds.

The MCR coverage ratio decreased to 514% at 31 December 2023 from 582% at the previous year-end.

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