



SOGELIFE

2019

Solvency and financial condition report



SOGELIFE

**SOLVENCY AND FINANCIAL
CONDITION REPORT**

2019 FINANCIAL YEAR

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LIST OF ABBREVIATIONS

The following table summarizes the acronyms frequently used in this document:

Acronym	Description
ALM	Asset Liability Management
AVM	Alternative Valuation Method
ECB	European Central Bank
BE	Best Estimate – Best estimate of technical provisions under Solvency 2
BSCR	Basic Solvency Capital Requirement
CAA	<i>Commissariat aux Assurances</i> - Insurance Commission
CACIR	<i>Comité d'Audit, de Contrôle Interne et Risques opérationnel et financier</i> - Audit, Internal control and Risk Committee
CIC	Complementary Identification Code - EIOPA code used for classification of assets under Solvency 2
EIOPA	European Insurance and Occupational Pensions Authority - European Supervisory Authority
ESG	Economic Scenario Generator
IAS/IFRS	International Accounting Standards / International Financial Reporting Standards
KPI	Key Performance Indicator
LAT	Liability Adequacy Test – IFRS liability adequacy test
LoB	Line of Business - Business lines defined according to Solvency 2 standard
MCR	Minimum Capital Requirement
ORSA	Own Risk and Solvency Assessment
PCA	Insurance Plan of Accounts
PS	Profit-sharing
PSAP	Provision for Claims Payable
QMP	Quoted Market Price
QRT	Solvency 2 Quantitative Reporting Template
RFF	Ring Fenced Fund – ring fenced fund as defined by the Solvency 2 standard
RM	Risk Margin
SCI	Real Estate Company
SCR	Solvency Capital Requirement
SST	Solvency and Stress Test
SII	Solvency 2
TG	Guaranteed Rate Portfolios (supports in euros and dollars)
UCITS	Undertaking for Collective Investment in Transferable Securities
UL	Units-Linked
VA	Volatility Adjustment

SUMMARY

The Solvency 2 directive came into force on 1 January 2016, and applies to all insurance companies and groups established in the European Union. The purpose of the solvency and financial condition report is to present all of the required public information and consists of five parts prescribed by regulation. This report was approved by the Board of Directors on 3 April 2020.

MAJOR EVENT THAT MATERIALLY IMPACTS THE RELEVANCE OF INFORMATION DISCLOSED

The data in this report provides information on Sogelife's solvency and financial condition at 31 December 2019 and, as a result, does not take into account the impact of any events that occurred after that date.

During the first quarter of 2020, the international Covid-19 pandemic significantly slowed down the global economy, triggering precipitous drops in the financial markets across the major international exchanges. This crisis, the duration and outcome of which remained uncertain at the time this report was published, is having direct repercussions on Sogelife's solvency and financial condition due to the material market risks involved in the company's life insurance and savings business.

As part of Sogelife's solvency ratio monitoring mechanism, the company is closely tracking the situation and the repercussions thereof on its solvency.

Business and Performance

Sogelife is the Luxembourg life insurance company of the Société Générale Group. Following an open architecture model, Sogelife provides the Société Générale group and a network of non-Group partners with a complete range of life insurance and capitalization products, intended for international clients in different countries in Europe.

The table below presents the main activity indicators resulting from the financial statements:

(In millions of euros)	2019	2018
Gross written premiums	2,328	1,353
Technical result	35.1	32.2
Net income	26.6	24.8
Financial investments (market value)	4,780	3,678
Book equity	171	170
S2 available own funds	430	368

2019 was an exceptional year in terms of inflows, which rose by 72% compared to the previous year, both on euro funds (up 61% from €713m to €1.15bn) and unit-linked products (up 84% from €640m to €1.179bn). Sogelife's sophisticated solutions, particularly in unit-linked products, meant that a many clients were able to subscribe to products customised to their needs. As such, unit-linked products accounted for an additional 4 points of total inflows in 2019, rising from 47% to 51%.

Governance

Sogelife's Management implements its own risk management and internal control systems, assisted by the heads of the four key functions provided for in Solvency 2. The overall risk management and internal control system is designed to enable the oversight of significant risks on a regular basis and as promptly as possible. It is based on the information and tools needed to adequately analyse and manage these risks.

Risk Profile

Sogelife runs its life insurance business through the distribution of a wide range of life insurance and capitalization policies. Given its activity in life insurance, Sogelife is mainly exposed to market risks governed by appropriate risk management and governance.

Valuation of the economic balance sheet

The general principles for valuing the assets and liabilities used are those provided for by the provisions of the Solvency 2 Directive. Assets and liabilities are valued at their economic value, that is to say the amount for which they could be exchanged, transferred or paid for within the framework of a transaction concluded under normal conditions of competition, between informed and consenting parties.

The economic balance sheet, prepared on the basis of the statutory balance sheet, is the central element of the Solvency 2 prudential environment. It constitutes the basis for calculating prudential capital and capital requirements (SCR and MCR). The difference between the net assets of the economic balance sheet and those of the statutory balance sheet mainly corresponds to unrealized capital gains on the portfolio of financial assets and the difference in the valuation of technical provisions.

Capital management

Sogelife manages its level of S2 own funds in such a way as to meet, at any moment, its solvency capital requirement.

To assess its equity requirements (SCR and MCR), Sogelife uses the standard EIOPA formula.

At the end of 2019, as at the end of 2018, Sogelife's own funds mainly consists of Tier 1 components. In this respect, all available elements are eligible for the solvency capital requirement and the minimum capital requirement:

(In millions of euros, except %)	2019	2018
Eligible own funds to meet the SCR	430	368
SCR	234	169
SCR coverage ratio	184%	218%
Eligible own funds to meet the MCR	383	303
MCR	58	42
MCR coverage ratio	656%	716%

With an SCR coverage ratio of 184% at the end of 2019, Sogelife largely meets the regulatory requirements in terms of solvency.

A—BUSINESS AND PERFORMANCE

1—BUSINESS

1.1 INTRODUCTION

Sogelife is a public limited life insurance company governed by Luxembourg law with a capital of 48,222,846 euros, fully paid up. The Company is a subsidiary of Sogécap and Société Générale Luxembourg*, wholly-owned subsidiaries of the Société Générale Group. Its registered office is at 11 avenue Emile Reuter - L-2420 Luxembourg. The Company is registered in the Luxembourg Trade and Companies Register under number B 55612.

Sogelife's purpose, in Luxembourg and abroad, on its own behalf or that of third parties, is to perform:

- all direct life insurance, co-insurance and reinsurance operations,
- all capitalization operations,
- the management of collective retirement funds.

Generally, it may carry out any commercial, financial, personal property or real estate operations directly related to the above activities or which could favour their completion, extension or development.

Sogelife prepares individual accounts for its statutory requirements pursuant to Luxembourg standards and a monthly IFRS bundle for the purposes of the Group's IFRS consolidation.

The preparation of the annual accounts under Luxembourg standards for insurance companies established in Luxembourg is governed by the amended law of 8 December 1994.

Since 1 January 2016, Solvency 2 standards, as provided for by the law of 7 December 2015 pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency 2) are now applicable.

* Société Générale Bank & Trust (SGBT) changed its company name to Société Générale Luxembourg (SG Luxembourg), effective Monday 27 January 2020.

1.2 SUPERVISORY AUTHORITY

Sogelife is subject to the supervision of the Luxembourg Insurance Commission (CAA) whose registered office is located at 7, boulevard Joseph II - L-1840 Luxembourg.

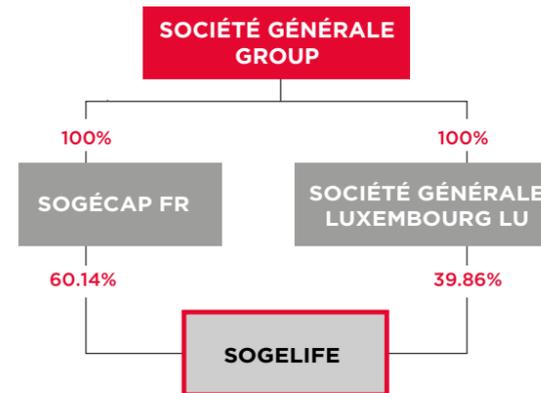
1.3 EXTERNAL AUDITORS

Sogelife's financial statements are audited by an authorized auditor. It is appointed by the General Meeting for renewable terms of 1 year.

DELOITTE AUDIT	20 Boulevard de Kockelscheuer L-1821 Luxembourg
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1.4 SOGELIFE'S POSITION WITHIN THE SOCIÉTÉ GÉNÉRALE GROUP

Sogelife is a subsidiary of Sogécap and Société Générale Luxembourg, wholly-owned subsidiaries of the Société Générale Group. Sogelife is part of Sogécap, parent company of the Sogécap et Métier Assurance Group of the Société Générale Group.



1.5 COMPANY'S BUSINESS LINES

Sogelife offers life insurance and capitalization solutions aimed at an international clientele in different countries in Europe: Luxembourg, France, Belgium, Switzerland, Italy, England, Monaco, Spain and the Czech Republic.

Sogelife offers financial asset solutions tailored to all investment profiles, allowing investors to invest in several currencies with diversified distribution networks such as:

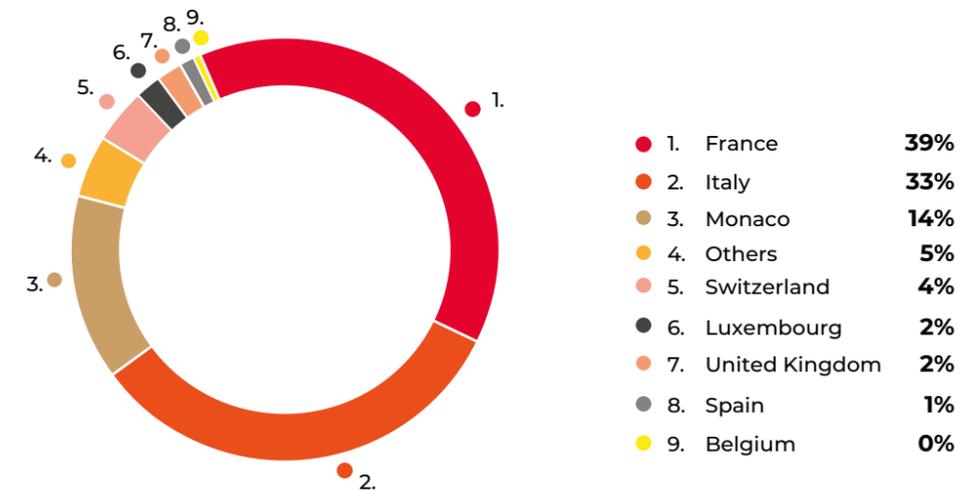
- the Société Générale Group's Retail Banking networks in France, which include the following brands: Société Générale and Crédit du Nord;
- the private bank of the Société Générale Group in France and abroad;
- a network of non-Group partners: private banks, management companies, insurance brokers, family offices.

The following table shows, for the last two financial years, the gross written premiums (excluding reinsurance acceptance) of the main segments in which the company operates:

(In € K, excluding acceptances)	2019		2018	
Gross written premiums	2,328,039	100%	1,353,282	100%
Funds in euros / dollars	1,149,505	49%	712,818	53%
Units of Account	1,178,534	51%	640,464	47%

BREAKDOWN OF SOGELIFE'S GROSS WRITTEN PREMIUMS BY THE COUNTRY OF RESIDENCE OF POLICYHOLDERS:

2019 gross written premiums by residence of the policyholder



2—UNDERWRITING PERFORMANCE

The following table presents Sogelife's net technical result prepared in accordance with Luxembourg accounting principles. It shows the reconciliation with the elements not reported in the QRT S.05.01*, in particular financial ones, which significantly contribute to the performance of the company.

(In € K)	2019				2018	
	QRT S.05.01*	Reconciliation elements			Technical result	Technical result
		Financial	GP	income & charges		
Gross earned premiums	2,328,710				2,328,710	1,355,239
Claim charges	(827,183)				(827,183)	(806,664)
Charges for other technical provisions	(1,810,501)				(1,810,501)	373,846
Net change in value of unit linked provisions		(293,260)			(293,260)	(184,367)
Subscription balance	308,974	(293,260)			15,714	(9,368)
Net investment income		175,576			175,576	261,581
Profit-sharing			(71,723)		(71,723)	(173,376)
Financial balance	0	175,576	(71,723)		103,852	88,205
Acquisition and administration costs	(43,004)				(43,004)	(40,525)
Other technical income and expenses	(3,626)				(3,626)	(218)
Management balance	(46,630)				(46,630)	(40,743)
Reinsurance balance	68,364		(68,364)	(6,415)	(6,415)	(5,645)
Net technical result	(287,239)	468,836	(140,087)	(6,415)	35,094	32,179

* QRT S.05.01 Premiums, Claims and Expenses by business line is presented in the appendix.

Sogelife **premiums** (excluding reinsurance acceptances) amounted to €2,328 million, up by 72% at the end of 2019 compared with the end of 2018. This change reflects the increase in collections on euro funds (+ €437 million compared with 2018), combined with an increase in

the collection of unit-linked products (+ €538 million compared with 2018). At 51% in 2019, unit-linked products accounted for an additional 4 points of total inflows compared to 2019, against a backdrop of rising equity markets.

Total service cost amounted to €827m in 2019 and was stable compared to the previous year.

(In € K)	2019	2018	Variation
Claims	34,962	26,147	8,815
Surrenders	792,159	780,455	11,704
Annuities	62	62	0
Total service cost	827,183	806,664	20,519

The service cost rate (surrenders and claims) related to the mathematical provisions for euro funds and unit-linked is 8% vs 9% the year before.

The changes in technical provisions was positive (+€1,437m) between 2018 and 2019, and was primarily due to the sharp rise in net inflows and, to a lesser extent, the positive financial market trend in 2019.

(In € K)	2019	2018	Variation
Changes in life insurance provisions - Euro funds	728,783	175,642	553,141
Changes in life insurance provisions - UL	1,081,717	198,204	883,513
Total	1,810,501	373,846	1,436,655

The financial balance totalled €104m, up €16m at the end of 2019. The decline in net investment income (-€86m) was offset by a reduction in profit sharing on euro/dollar fund products (positive impact of €102m).

Acquisition and administration costs amounted to €43m in 2019, up by 6% compared to the 2018 financial year.

(In € K)	2019	2018	Variation
Acquisition costs	8,393	7,526	867
Administration costs	34,611	32,999	1,612
Total	43,004	40,525	2,479

Consequently, the technical result amounted to €35.1m for the 2019 financial year, €2.9m more compared to the previous financial year.

3—INVESTMENT PERFORMANCE

3.1 BREAKDOWN OF SOGELIFE INVESTMENTS BY ASSET CATEGORY

The table below presents investments held by Sogelife by asset category (CIC Codification) as they appear in the balance sheet and in the prudential balance sheet for the last two financial years:

(In € K)	2019			2018		
	Solvency 2 balance sheet value	Statutory balance sheet value	% Statutory balance sheet value	Solvency 2 balance sheet value	Statutory balance sheet value	% Statutory balance sheet value
Financial investments excluding UL	564,910	542,439	11.4%	544,957	535,054	14.6%
1 Sovereign bonds	223,133	132,594	4.3%	231,393	217,991	5.9%
2 Corporate bonds	135,936	132,594	2.8%	129,461	132,969	3.1%
3 Shares	12	10	0.0%	3	3	0.0%
3 Holdings	–	–	0.0%	–	–	0.0%
4 Investment Funds	7,780	7,886	0.2%	525	515	0.0%
5 Structured securities	493	476	0.0%	316	318	0.0%
6 Guaranteed securities	–	–	0.0%	–	–	0.0%
7 Cash and deposits	193,046	193,046	4.1%	180,212	180,212	4.9%
8 Loans and mortgages	4,510	4,510	0.1%	–	–	0.0%
9 Real Estate	–	–	0.0%	–	–	0.0%
A-F Derivatives	–	–	0.0%	–	–	0.0%
Assets backing unit-linked contracts	4,215,093	4,214,952	88.6%	3,133,260	3,133,235	85.4%
1 Sovereign bonds	80,625	80,598	1.7%	61,046	61,045	1.7%
2 Corporate bonds	337,328	337,317	7.1%	266,045	265,993	7.3%
3 Shares	332,501	332,480	7.0%	294,190	294,118	8.0%
4 Investment Funds	2,130,083	2,129,979	44.8%	1,727,493	1,727,558	47.1%
5 Structured securities	624,786	624,809	13.1%	407,464	407,499	11.1%
6 Guaranteed securities	–	–	0.0%	–	–	0.0%
7 Cash and deposits	708,941	708,941	14.9%	377,232	377,232	10.3%
8 Loans and mortgages	–	–	0.0%	–	–	0.0%
9 Real Estate	–	–	0.0%	–	–	0.0%
A-F Derivatives	829	829	0.0%	(210)	(210)	0.0%
Total	4,780,002	4,757,391	100.0%	3,678,217	3,668,288	100.0%

Euro contracts are reinsured by Sogécap, which guarantees the premiums invested.

3.2 BREAKDOWN OF FINANCIAL RESULT BY ASSET CATEGORY

The elements of Sogelife's financial result (including interest charges), as shown in the Company's financial statements (non-technical, technical life account) are as follows:

(In € K)	2019	2018	Notes
Investment income	11,086	10,989	A.3.2.1
Profits and losses from the realization of investments	(15)	(149)	A.3.2.2
Other investment income and expenses	(2,804)	(2,503)	A.3.2.3
Internal and external investment management costs and interest	(18,920)	(19,220)	A.3.2.4
Net investment income from reinsurance	71,426	64,725	A.3.2.5
Financial result	60,773	53,843	
of which technical result	63,647	56,558	
of which non-technical result	(2,874)	(2,716)	

3.2.1 Investment income by category

Investment income consists of cash flows specific to each category of financial assets. These mainly consist of coupons for interest rate instruments, dividends for equity instruments or interest income for loans.

(In € K)	2019	2018
1 Sovereign bonds	6,109	6,312
2 Corporate bonds	4,351	4,205
3 Holdings	–	–
3 Shares	–	–
4 Investment funds	–	103
5 Structured securities	–	–
7 Cash and deposits	575	368
8 Loans and mortgages	50	–
9 Real Estate	–	–
Total	11,086	10,989

3.2.2 Profits and losses from the realization of investments

The following table presents realized gains and losses resulting from the disposal of financial assets during the financial year.

(In € K)	2019	2018
1 Sovereign bonds	–	-70
2 Corporate bonds	7	-92
3 Holdings	–	–
3 Shares	–	–
4 Investment funds	(22)	13
5 Structured securities	–	–
7 Cash and deposits	–	–
8 Loans and mortgages	–	–
9 Real Estate	–	–
Total	-15	-149

3.2.3 Other investment income and expenses

Other investment income and expenses mainly correspond to the amortization of premiums/discounts on fixed-income bonds and allocations/reversals of provisions for depreciation.

In the 2019 financial year, in the absence of any significant change to provisions for depreciation, the main impact corresponds to the amortization of premiums / discounts.

3.2.4 Internal and external investment management costs and interest

The internal and external investment management expenses mainly include interest charges related to subordinated debt and incidental costs related to securities transactions.

3.2.5 Net investment income from reinsurance

Sogelife reinsures 100% of its guaranteed rate commitments in euros. The risks that Sogelife is exposed to, in particular asset-liability and financial risks, thus depend closely on its reinsurer.

However, the reinsurance treaty reduces this risk insofar as the guarantees granted by Sogelife are covered by the reinsurer to the extent permitted by French regulations.

3.3 UNREALIZED CAPITAL GAINS AND LOSSES IN THE PORTFOLIO BY ASSET CATEGORY

At the end of 2019, Sogelife reports unrealized gains of €22,471, up €12,568 compared with the end of 2018, on its portfolio of financial assets (excluding unit linked). In the balance sheet, with assets being recorded at

their acquisition cost, possibly adjusted for depreciation and premiums and discounts, unrealized gains are not recognized. The following table presents the position of unrealized gains or losses by asset category:

(In € K)		2019	2018
1	Sovereign bonds	19,216	13,402
2	Corporate bonds	3,342	(3,508)
3	Shares	2	0
3	Holdings	-	-
4	Investment Funds	(106)	10
5	Structured securities	17	(2)
6	Guaranteed securities	-	-
7	Cash and deposits	-	0
8	Loans and mortgages	-	-
9	Real Estate	-	-
A-F	Derivatives	-	-
Net profit from the financial year		22,471	9,903

3.4 INVESTMENTS IN SECURITIZATIONS

Sogelife's portfolio of financial assets does not include any investments in securitizations.

4—PERFORMANCE OF OTHER ACTIVITIES

The following table shows the other non-technical income and expenses contributing to Sogelife's net profit for the past financial year and the previous financial year:

(In € K)	2019	2018
Net technical profit	35,094	32,180
Net investment income - non-technical*	(2,874)	(2,716)
Other non-technical income	-	-
Other non-technical charges	(90)	(3)
Extraordinary income	-	-
Income tax	(5,526)	(4,683)
Net profit from the financial year	26,604	24,778

* Presented in Part 3 - Performance of investments.

5—ANY OTHER INFORMATION

None.

B—SYSTEM OF GOVERNANCE

1—GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

1.1 GOVERNANCE BODY AND KEY FUNCTIONS

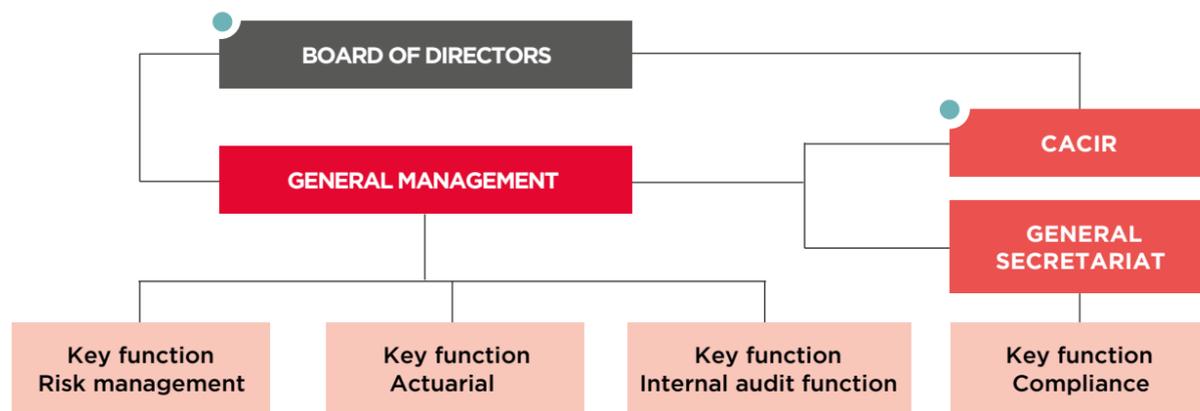
1.1.1 Presentation of the Sogelife Governance System

Sogelife's governance system is an organization with a Board of Directors in which Mr Philippe PERRET serves as Chairman.

The Board of Directors, responsible for defining the company's strategic guidelines and monitoring their

implementation, is assisted by a Specialized Committee made up of Sogelife directors. Its task is to assist members of the Sogelife Board of Directors in their decision-making.

The General Management is responsible for the implementation of strategic guidelines decided by the Board of Directors, ensuring the control of risks created by the activity of Sogelife. In performing its duties, the General Management is assisted by the heads of the four key departments provided for in Solvency 2, who mainly meet on various committees.



● Intervention of key functions in these tasks.

1.1.2 The board of directors

Tasks and powers

The Board of Directors defines the strategic guidelines of the company, which will be implemented under its control by the General Management.

Subject to the powers expressly attributed to shareholders' meetings and within the limits of the corporate purpose, it deals with any matter relating to the smooth running of the company and regulates, through its deliberations, matters concerning it. It exercises the main following powers:

- the appointment of the Chairman of the Board of Directors and the Chief Executive Officer;
- the review and the signing off of the company's annual accounts;
- the review and approval of the annual Solvency 2 reports;
- the convening of shareholder meetings;
- the authorization of regulated agreements;
- the review and approval of the ORSA report;
- the review and approval of policy changes.

Operation

The Chairman organizes and directs the work of the Board.

Sogelife's Board of Directors meets whenever the company's interest requires it and at least twice a year, usually in March and October. The mandatory Board meeting to sign off on the financial statements and approve the prudential reports, is therefore supplemented by meetings whose holding is justified by the development and monitoring of Sogelife's activity.

These meetings, whose schedule is set at the end of the year, are used by the General Management to provide the members of the Board of Directors with information related to Sogelife's strategy, development and results.

A convocation, to which the agenda of the meeting is attached, is sent to the directors and, as applicable, to the Statutory Auditors. Each participant receives a file containing the documents relating to the main topics on the agenda.

The General Secretariat of Sogelife is responsible for setting the conditions for the holding of meetings of the Board of Directors as well as the keeping of minutes relating to them.

Composition of the Board

At 31 December 2019, the Board of Directors was composed of 8 members: 6 individuals and 2 legal entities. The term of office of each director is six years.

Specialized Committees deriving from the Board of Directors

Sogelife's Board of Directors is assisted in its duties by a specialized committee composed mainly of directors.

This committee contributes, through its expertise, to decision-making by the Board of Directors in accordance with the principles of risk management and good governance. This is the Audit, Internal oversight and Risk Committee (CACIR) The description of the main tasks and powers of this committee is presented in section 3.1.2.

1.1.3 The general management and key functions

General management

The CEO, Mr Jean Elia, is responsible for the company's day to day management. He holds the position of authorized manager within the meaning of the Law on the insurance sector.

He is vested with powers conferred by Sogelife's Board of Directors to act under all circumstances on behalf of the Company, and represents it in its dealings with third parties. He is assisted in his missions by the Management Committee (CODIR).

Key functions

Being a main component of the company's governance system, holders of key functions are appointed by the Board of Directors in view of their experience and suitability of the key function with the managerial function they exercise within Sogelife. The key functions thus have the authority, the resources and the operational independence necessary to carry out the tasks incumbent on them.

The holders of these key functions participate in and contribute to the various committees set up by the Board of Directors and the General Management in order to report on their activities. They have direct access to the Board of Directors.

The following table outlines the main tasks assigned to key function managers within Sogelife:

ACTUARIAL FUNCTION

Holder: Sogelife Actuarial Officer

- Issues an opinion on the overall underwriting policy.
- Issue an opinion on the adequacy of the arrangements made for reinsurance and the risk profile.
- Coordinates the calculation of technical provisions.
- Produces an actuarial report, at least once a year, addressed to the Board of Directors, covering the above points.
- Contributes to the effective implementation of the risk management system, including risk modelling of the SCR and the evaluation of the ORSA.
- Assesses the sufficiency and quality of the data used in the calculation of technical provisions.

RISK MANAGEMENT FUNCTION

Holder: Sogelife Finance and Risk Director

- Assists governance bodies in the implementation, management, coordination and monitoring of the risk management system.
- Provides detailed reports of risk exposure.
- Monitors the risk profile.
- Manages the ORSA process and includes the results of the ORSA in the consolidated vision of the risks reported to the governance body.
- Identifies and evaluates emerging risks.

INTERNAL CONTROL FUNCTION

Holder: a Sogelife Director who supervises Internal Audit control activities delegated by Sogelife to Sogécap

- defines the multi-year audit plan in collaboration with CACIR.
- coordinates the internal audit activity within Sogelife and ensures compliance with the internal audit requirements at the level of the Société Générale Group.
- presents the conclusions of the internal audit missions to the governance body and informs it of the timeframes envisaged to remedy any deficiencies identified.
- monitors the implementation of recommendations from previous audits.

COMPLIANCE VERIFICATION FUNCTION

Holder: Sogelife General Secretary

- implements a broad spectrum regulatory watch on insurance activities.
- identifies and assesses the risk of non-compliance (mapping).
- leads the compliance process (compliance plan, monitoring of actions and incidents).
- advises the Board of Directors and the General Management.

Committees reporting to the General Management

The Sogelife general management has 5 committees with specific expertise that are an integral part of the Risk Management System. These committees, which meet on a regular basis, convene members of the General Management, key functions and members of the company's management to cover the various risk areas inherent to the business. It consists of the:

- Finance and Risks Committee;
- Technical Committee;
- New Product Committee;
- Internal Control Committee.
- Compliance Committee

The tasks of these various committees are described in more detail in the presentation of the risk management system (see B.3.1.2).

1.2 REMUNERATION POLICY AND PRACTICES

Sogelife has adopted a remuneration policy in accordance with the requirements of the Solvency 2 Directive.

The aim of this policy is to make remuneration an effective lever for attracting and retaining employees, contributing to the long-term performance of the company while ensuring appropriate risk management and compliance by employees. It takes into account

the remuneration provisions of the Solvency 2 Directive. This Directive requires the implementation of a remuneration policy consistent with the company strategy and management of risks, including measures

to prevent conflicts of interest, promoting sound and effective risk management and not encouraging risk-taking beyond the level tolerated by the entity. It provides for an equilibrium of fixed and variable elements and a deferred payment of a significant portion of the employees' variable that has a significant impact on the entity's risk profile.

More specifically, it seeks to:

- set the general framework and the main principles guiding actions in the area of remuneration and benefits;
- describe the roles and responsibilities of each stakeholder, formalize transparent and efficient governance rules;
- describe Sogelife's specific remuneration principles under the Solvency 2 Directive to prevent risky behaviour and ensure that the remuneration system in place ensures the alignment of the personal goals of all employees with the long-term interests of the company.

This policy applies to all Sogelife employees. Finally, it should be remembered that no attendance allowances are awarded to the members of the Board of Directors for the performance of their duties.

1.3 OTHER INFORMATION

Sogelife has not concluded any significant transactions during the period of reference with shareholders, people having a significant influence or members of the administrative, management and control body.

2—FIT AND PROPER REQUIREMENTS

The Sogelife fit and proper policy makes it possible to ensure beforehand that the people in charge of running the company or occupying key functions within the company:

- have the professional qualifications, knowledge and the experience necessary for a sound and prudent management of the business;
- have a good reputation and a high level of integrity.

3—RISK MANAGEMENT SYSTEM, INCLUDING OWN RISK AND SOLVENCY ASSESSMENT**3.1 RISK MANAGEMENT SYSTEM****3.1.1 General presentation**

The Sogelife risk management system is intended to detect, measure, control, manage and report, on an ongoing basis, the main risks, at individual and aggregate levels, to which Sogelife is or could be exposed with a view to achieving its strategic objectives.

The risk management system is controlled by the governance bodies (Board of Directors, General Management and key functions) and is based on the following main components:

- the bodies presided over by the Sogelife General Management (Technical Committee and Finance and Risks Committee) or by the Board of Directors (CACIR) which provide comprehensive risk management and adequate reporting for informed decision-making;
- risk management tools for decision making: mapping, written policies, tracking indicators, of risk management, Internal risk assessment and Solvency.

To meet its objectives, the risk management system is integrated into Sogelife's organizational structure and decision-making procedures. It is mainly based on the following principles:

- the strong involvement of the General Management and the Board of Directors;
- the embodiment of key functions and cooperation between the key functions of Actuarial Supervision and Risk Management;
- integration of the system with the organizational structure and decision-making procedures;
- close cooperation with the internal control system;
- the clear separation of roles and responsibilities to avoid potential conflicts of interests: "The people responsible for carrying out tasks are not responsible for monitoring and controlling these tasks."

3.1.2 Implementation of the Risk Management System

The implementation of the risk management system is the responsibility of the governance bodies and key functions of Sogelife through the use of the risk management tools and the decisions taken in the various committees set up. This section sets out the tasks assigned to the bodies as well as the main written risk management policies. The Internal Assessment of Risk and Solvency is presented in section 3.2 below.

Bodies

Audit, Internal Control and Risk Committee

This committee reporting to the Board of Directors meets at least twice a year. Its main responsibilities are as follows:

- the monitoring of financial and prudential information;
- the monitoring of internal control;
- the monitoring of risk management;
- the monitoring of the statutory audit of the annual accounts and the independence of the Statutory Auditors;
- the examination of the entity's periodic control program.
- the monitoring of Compliance activities (including Financial Security);
- the monitoring of the progress of statutory auditors' assignments;
- the approval of the provision of services other than financial statement certification.

Finance and Risks Committee

This committee, which reports to Sogelife General Management, meets at least twice a year. Its tasks are:

- the validation of risk policies related to the ALM and to Investments;
- the monitoring of the implementation of risk policies related to ALM and Investments;
- the examination and the validation of economic and financial guidelines;
- the determination of the allocation of strategic assets;
- the validation of investment proposals in line with the guidelines set by the Board of Directors;
- the monitoring of investment reporting;
- the examination and validation of asset exposures in relation to the limits set by the Board of Directors;
- the monitoring of financial management reporting;
- the presentation of the results of ALM studies;
- the validation of options adopted in the models;
- the preparation of an activity report intended for the CACIR.

Technical Committee

This committee, which reports to Sogelife General Management, meets once a year. Its tasks include:

- the validation of risk policies linked to underwriting, provisioning and reinsurance;
- the monitoring of the implementation of policies related to underwriting, provisioning and reinsurance risks;
- the validation of provisions;
- the monitoring of risk indicators for underwriting, provisioning and reinsurance policies.

New Product Committee

This committee, which reports to the General Management of Sogelife, meets as often as necessary to review, exhaustively, all the risks of launching a new product.

The review of the risks associated with this new product results in a decision of the Committee, which can be:

- validation;
- conditional validation: conditions to be met before or after marketing;
- refusal.

The decision to approve a new product is valid only for a limited period of time. The appropriate period of time is determined by the Committee.

The New Product Committee also ensures the management of outsourcing risk (refer to section B.7 Outsourcing).

Compliance Committee

This Committee was created in late 2019, reports to Sogelife's General Management and meets quarterly in order to identify:

- the highlights of the previous quarter;
- progress made on the compliance action plan;
- major Compliance incidents;
- relations with the main supervisory authorities;
- financial security activities (KYC, Anti-money laundering/Counter-terrorist financing, Sanctions/Embargoes);
- regulatory risks;
- data protection initiatives and incidents;
- the monitoring of compliance recommendations following audits and recommendations issued by the main supervisory authorities;
- new products activity.

Risk management tools

The risk mapping and repository

Sogelife has a risk mapping encompassing all the identified risks to which the company is or could be exposed. These are operational risks, strategic and governance risks, emerging and external risks as well as reputational risks.

The risk mapping exercise consists of a self-assessment of risks by line managers according to a top-down approach in terms of detail. Risks are assessed based on their impact, likelihood of occurrence and coverage.

Assessments, which must be proportionate and carried out at a company level, are analysed jointly by the internal oversight team on the basis of the elements available (operational losses, supervision managerial, audit reports, KRI...).

The risk map is updated on a yearly basis. This annual review makes it possible to check the adequacy of the oversight systems with the main risk areas and, if necessary, to make the necessary changes.

Written policies

The main risks inherent to Sogelife's business are covered by written risk management policies. These policies

formalize the principles, processes and procedures put in place by the Company to control its risks.

To adapt these policies to internal and external factors influencing the risks that Sogelife is subject to, they are updated at least annually.

For each policy, a manager has been appointed.

RISK MANAGEMENT POLICIES

Investment risk management policy

The policy specifies the principles to be respected when making investments. All thresholds and limits validated by the bodies responsible for managing this risk are also detailed. All these provisions are intended to respect the so-called "prudent person" principle.

ALM Risk Management Policy

The policy sets out the principles and thresholds to be respected, studies and reports to be produced with a view, in particular, to the long-term management of the company, including the management of capital.

Subscription risk management policy

The underwriting risk is governed by rules that cover the definition of product design conditions (risks, guarantees, product groups), underwriting conditions to be respected (underwriting process, thresholds and limits to be respected), reporting and monitoring of subscribed risks and controls.

Capital management policy

The policy defines the capital management governance, procedures and controls implemented, including evaluating capital requirements, monitoring compliance with regulatory capital requirements and solvency ratio alert thresholds.

Provisioning risk management policy

The aim of the provisioning policy is to ensure that Sogelife provides a true and fair view of the commitments made in respect of all the risks covered, in compliance with statutory, IFRS and prudential accounting standards. The policy thus defines the framework for calculating technical provisions in the various standards in which they must be produced.

Reinsurance risk management policy

The policy details the entire process of setting up a reinsurance plan (expression of needs, thresholds and limits and selection of the reinsurer, including the required financial solidity criteria, etc.) and reporting and monitoring procedures.

Own Risk and Solvency Assessment Policy (ORSA)

This policy describes the processes and procedures put in place to carry out the Internal Risk and Solvency Assessment in light of Sogelife's risk profile, risk tolerance limits and overall solvency requirements. It also includes a description of the methods and methodologies applied within Sogelife to carry out the ORSA.

Operational risk management policy

The system put in place must make it possible to identify operational risks, measure potential impacts on financial results and implement and verify the effectiveness of the controls or systems enabling them to be reduced.

3.2 OWN RISK AND SOLVENCY ASSESSMENT POLICY (ORSA)

The overall credit rating assessment is performed within a framework defined by Sogelife's General Management.

This assessment is based on the calculation of capital requirements and regulatory results (1), for each year of the business plan. These calculations are made in the framework of a central scenario and adverse scenarios.

The ORSA provides the general management and the Board of Directors with a prospective assessment of the risks that Sogelife is exposed to in pursuit of its short- and medium-term strategic objectives. The ORSA is a key element of the risk management system.

The ORSA report is submitted for approval by Sogelife's risk management function to the Board of Directors prior to submission to the Supervisory Authority.

The key steps in implementing the ORSA process are sequenced as follows:

- definition of the risk profile;
- analysis of the adequacy of the risk profile to the standard formula;
- definition of the risk appetite;
- definition of stress scenarios;

- overall assessment of solvency;
- definition of management actions;
- presentation of the ORSA report to the Board of Directors;
- submission to the regulator.

Frequency

The overall solvency requirement is calculated at least once a year. If required, an ad hoc ORSA could be carried out in the event of an unfavourable change in solvency detected by the system for monitoring the coverage ratio of capital requirements or in the event of a significant acquisition or disposal of an activity.

Solvency requirement

This need is measured prospectively for at least the term of the business plan through several scenarios (central and adverse) determined on the basis of the risk profile.

The risk profile identifies the key risks to which the company is exposed. The analysis of Sogelife's risk profile shows its adequacy to the standard formula for calculating capital requirements. Sogelife therefore adopts the regulatory capital requirement (SCR) as a measurement of the overall solvency requirement.

4—INTERNAL CONTROL SYSTEM

4.1 DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

4.1.1 General presentation

Internal control is defined as all means implemented on a permanent basis to ensure that the operations carried out and the organization and procedures put in place comply with: legal and regulatory provisions, professional and ethical practices and the internal rules and guidelines defined by the company's general management body.

It mainly seeks to:

- prevent malfunctions;
- ensure the adequacy and smooth running of internal processes, especially those deemed to be sensitive;
- guarantee the reliability, integrity and availability of financial, prudential and management information;

- verify the quality of information and communication systems.

In the "3 lines of defence" model of Sogelife's control system, the internal oversight system represents the first two lines of defence:

- the 1st line of defence consists of the level 1 internal control system, and is carried out by business units and operational departments;
- the 2nd line of defence consists of: dedicated teams independent of the operational business units and departments and directorates who oversee the deployment and proper execution of the 1st line of defence and who evaluate on an ongoing basis its adequacy to the organization and processes as well as the effectiveness in exercising level 2 internal oversight

To meet these objectives, Sogelife's internal control system is based on:

- the strong involvement of the General Management and the Board of Directors;
- the embodiment of the key compliance audit function and its cooperation with other key functions, including the Risk Management key function;
- close collaboration between the function of Verification of Compliance and the Legal unit;
- the standardized implementation of internal control systems and tools throughout Sogelife.

4.1.2 Organization

The organization and the management of the internal control system is the responsibility of the Sogelife General Secretariat.

This consists of three departments that work in close coordination while maintaining strict independence:

- the Compliance Department (encompassing anti-money laundering and terrorist financing activities), support for the Verification of Compliance key function;
- the Internal Control department responsible for managing the internal control system;
- the Department of Legal and Tax Affairs, whose task is:
 - ~ to ensure the legal and fiscal security of Sogelife's commitments,
 - ~ perform legal oversight and measure the impact of any legislative or regulatory regulation,
 - ~ provide advice to Sogelife's General Management regarding their activities, investments and relationships with providers.

4.2 IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

4.2.1 Bodies

Audit, Internal oversight and Risk Committee (CACIR)

This committee reporting to the Board of Directors meets at least twice a year. Its main responsibilities have been described in part B.3.1.2.

Internal Control Committee

The Internal Control Committee, which meets on a quarterly basis with the CEO, the Secretary General and the Head of Internal Control, is responsible for:

- ensuring consistency throughout the company and effective internal control;
- analysing the main malfunctions identified;
- validating and coordinating the actions taken, or to be taken, to remedy these malfunctions or to improve the effectiveness of internal control.

4.2.2 The tools of the internal control system

Written policies

The policies of the internal control system formalize the principles, processes and procedures implemented by Sogelife.

To adapt these policies to internal and external factors influencing the risks that Sogelife is subject to, they are updated at least annually.

(1) Result under IFRS standard with tax rate and return on equity according to the Société Générale standard.

The policies integrated into the internal control system are the following:

INTERNAL CONTROL POLICIES

Internal control policy

The policy describes Sogelife's internal control system and specifies how it is to be implemented: principles, tools, responsibilities and tasks.

Compliance audit policy

The policy defines the risk management framework for non-compliance and specifies, in particular:

- the responsibilities and missions of the key compliance audit function,
- compliance audit tools.

Outsourcing policy (cf. B.7)

The policy defines the principles applicable in terms of outsourcing (mainly during the study of an outsourcing project and the monitoring of an outsourced service), particularly for the activities or operational functions considered as "important or critical".

Fit and proper policy (cf. B.2)

The policy is mainly intended to ensure that all persons who effectively manage Sogelife or hold key positions, at all times meet fit and proper requirements (qualifications, knowledge, professional experience, reputation, integrity).

Level 1 internal control

Level 1 internal control is defined as the set of provisions continuously implemented to ensure, at an operational level, the legality, validity and security of operations.

It concerns all employees and is based on:

- the continuous respect by each of them, in all operations they handle, of the rules and procedures in force;
- the regular verification by line managers of compliance with these procedures.

In application of these practices, Level 1 internal control distinguishes between 2 types of controls:

- operational controls, integrated into procedures and carried out by each employee within the framework of their day-to-day activities;
- managerial supervision, which consists of a verification formalized by line managers of the successful completion of operational controls.

Level 2 internal control

The purpose of the Level 2 internal control is to supervise the deployment and proper performance of the Level 1 internal control system and to continuously assess its adequacy to the organization and processes as well as its effectiveness.

This review is conducted by a quantitative and qualitative analysis of the different elements of the Level 1 internal control, including managerial supervision (relevance, definition of operating modes, quality of implementation, presence of supporting documents, monitoring of corrective actions).

This work leads to the formulation by level 2 internal control teams of a qualified opinion on the effectiveness of the level 1 internal control in the scope in question and, if necessary, of recommendations.

Level 2 internal control is conducted by teams independent of operational personnel and dedicated to this activity.

Monitoring compliance issues

The monitoring of compliance malfunctions is based on a real-time alert system, implemented at the Sogelife scale, and on quarterly formalized reports. No incidents were identified as compliance malfunctions in 2019.

The new product approval procedure

The new product approval procedure is rolled out and enforced across the entire business line. The approval process has a pyramid structure at different levels of appreciation depending on the strategic and risk issues.

No new product was created at Sogelife in 2019.

Monitoring of assignments and relations with regulators

The tasks of regulators and relations with them are subject to centralized monitoring at the Sogelife level. The recommendations made by regulators are subject to specific monitoring and reporting. Sogelife underwent a regulatory audit in 2019 that focused on financial security activities. The audit report has not yet been published.

The anti-money laundering and terrorist financing system

Sogelife's anti-money laundering and terrorist financing mechanism is adapted to measures derived from local regulations and is mainly based on an alert tool on stock

agreement transactions aimed at detecting atypical transactions at the source of funds, leading, as applicable, to a declaration to the crown prosecutor and staff training and awareness schemes.

5—INTERNAL AUDIT FUNCTION

5.1 GENERAL PRESENTATION OF THE INTERNAL AUDIT FUNCTION

In the "three lines of defence" model that Sogelife uses, Internal Audit, a strictly independent periodic control of business units, like the internal audit, constitutes the third line of defence.

5.1.1 Responsibilities

This function is performed by a Sogelife director who supervises the operational work performed by the Internal Audit Director of the Sogécap group.

Internal Audit tasks are outsourced to the Inspection and Audit Department (IGAD) of Société Générale, on the basis of an agreement signed on 27 January 2016 between IGAD and Sogécap, acting on its behalf and that of its subsidiaries.

As such, IGAD is responsible for the operational execution of periodic monitoring of all Sogelife activities for the main risk categories (operational risk, insurance risk, counterparty risks and market risks). For particularly technical subjects (legal, tax, IT, modelling and accounting aspects), IGAD relies on its specialized audit teams.

The services provided by IGAD are subject to the outsourcing policy and are considered important or critical functions. The conditions for the performance and control of this activity are formalized in the agreement of 27 January 2016 mentioned above.

In terms of resources, the coverage of the scope of Sogelife is ensured on the basis of the estimated budget of the tasks included in the IGAD audit in agreement with the General Management of Sogelife. The work carried out by periodic control relies on the audit methodology of IGAD, implementation according to the fields reviewed. Each assignment gives rise to an assignment report

containing a summary and recommendations, which are then regularly monitored in coordination with Sogelife's Internal Control Department.

5.1.2 Organization of Internal Audit assignments

Sogelife's audit plan is established on a multi-year basis. Assignments covering the entire scope are determined after a risk assessment of each department or service of the Company and an estimate of a time budget for carrying out the review; this evaluation is completed by the rating of the last assignment and its date of completion.

Special or off-plan assignments may also be carried out at the request of Sogelife's General Management.

5.1.3 Report of conclusions and follow-up

Each assignment gives rise to a presentation, to the management of the entity concerned, of the findings and recommendations.

A report is sent to this Management for comments and formalization of the action plan and deadlines for implementation of recommendations.

The report after comments is distributed to Sogelife's General Management.

The detailed audit plan for the financial year is presented to CACIR at its meeting called at the end of the previous financial year.

The review of the work and findings of the periodic control as well as the monitoring of the implementation of the recommendations of the completed audits are presented to the Audit Committee and the Internal Control and Risks Department.

5.2 INDEPENDENCE AND OBJECTIVITY OF THE INTERNAL AUDIT FUNCTION

Internal Audit, responsible for periodic oversight, is separated from Internal Control.

Reports (scorecards, audit assignments) are reviewed periodically by the Sogelife Management Committee and in various specialized committees.

The independence and effectiveness of Internal Control are also evaluated and guaranteed by the Audit, Internal Control and Risk Committee, issued by Sogelife's Board of Directors as referred to in section 1 above.

6—ACTUARIAL FUNCTION

The Actuarial function of Sogelife is embodied by the Sogelife Actuarial Officer.

6.1 TASK OF THE ACTUARIAL FUNCTION

The Actuarial function is a key contributor to Sogelife's risk management system. It contributes, through its expertise, to the management of technical risks, which are one of the key components of the company's risk profile. Within this framework, the task entrusted to the person in charge of the Actuarial Function is based on 3 main areas:

- coordination of the calculation of technical provisions.
- the review of the general underwriting policy and the adequacy of the reinsurance program taking into account the company's risk profile;
- contribution to the implementation of the risk management system and the ORSA.

The head of the Actuarial function reports to the Finance and Risk Director of Sogelife, is a member of the Management Committee, and does not share any hierarchical link with the persons responsible for the activities under his supervision. This position gives him the independence necessary to perform his duties.

6.2 IMPLEMENTATION OF THE ACTUARIAL FUNCTION

The Actuarial function has access to all the resources required to perform his task. The holder is also required to participate in the various committees of the Board of Directors and the General Management in respect of problems within his scope.

The Actuarial function is involved in the monitoring of technical risks and in particular the review of the calculation of technical provisions, including the monitoring of the quality of data, the monitoring of the underwriting risk and the adequacy of the reinsurance mechanism with the company's risk profile.

It therefore contributes to the implementation of the management system through the analysis and monitoring of these technical risks but also through the implementation of the ORSA process.

The work carried out by the Actuarial function within the framework of the aforementioned tasks, and the conclusions and recommendations that result therefrom, are formalized in an annual actuarial report which is presented to the General Management and the Board of Directors of Sogelife.

7—OUTSOURCING

The principles for managing outsourcing are described in a dedicated policy ("Outsourcing Policy of Sogelife"), validated by the Sogelife Board of Directors.

7.1 GENERAL PRINCIPLES

The outsourcing of an operation to an external third party, another entity of the Société Générale group, or another entity of the Sogécap group, is common practice. One of its effects is however to modify the "risk profile" attached to this service. Indeed, outsourcing:

- creates specific risks, such as dependence on a third party - for example, when some specialized activities for all institutions are concentrated in a very limited number of providers;
- may result in an increase in operational risks, when services are outsourced to third parties whose internal oversight system is less robust than Sogelife's, or which are subject to less stringent regulatory monitoring;
- may not comply with applicable Sogelife regulations, or may create a risk of non-compliance in the event of a provider default.

However, outsourcing can also contribute to better risk management, for example when the service is entrusted

to a third party with expertise control systems superior to those of the outsourcing establishment. In all cases, when Sogelife outsources a service, it remains liable for it, as well as the quality of the service provided.

Outsourcing is therefore subject to specific monitoring within the framework of the internal control system. It must not lead to a decline in risk control.

7.2 SYSTEM IMPLEMENTED

Generally, all outsourcing projects must be subject to a formalized risk analysis, in particular to assess the "important or critical" nature of the service resulting therefrom.

Outsourced activities must be monitored. The information collected must make it possible to identify any weaknesses, challenge the proposed mitigation action plans and monitor their implementation (within the limits permitted by the contractual relationship).

As the outsourced activity remains under the responsibility of the entity that outsourced it, it remains within the scope of intervention of Sogelife Internal Audit like any other activity.

The measures applicable to all outsourcing operations are strengthened if the operation concerns:

- a function or activity deemed "important or critical";
- a key function of the governance system under the Solvency 2 Directive.



In this case, special provisions are made in terms of:

- reporting to the supervisory authorities;
- contractual obligations;
- reporting.

7.3. Important or critical activities or functions outsourced

Sogelife's critical outsourced operational activities or functions are the following:

PURPOSE OF THE SERVICE OUTSOURCED	LOCATION OF THE PROVIDER
Printing and enveloping customer mail	Luxembourg
IT services (infrastructure, network, workstations, servers...)	Luxembourg
Securities Accounting	France – Luxembourg
ALM management and S2 calculations	France

These providers are monitored within the framework of the internal control system to ensure their reliability, financial strength and business continuity capability in the event of an emergency or business interruption.

Daily operational monitoring is conducted by the business managers of the outsourced activities, in collaboration with the Internal Control Department of Sogelife, particularly through indicators (of activities and risks), monitoring committees, and, if necessary, audit assignments.

8—ANY OTHER INFORMATION

All relevant information on the governance system has been presented in sections B1 to B7.

C—RISK PROFILE

1—INTRODUCTION

Sogelife runs its insurance business through the distribution of a wide range of life insurance and capitalization policies.

In this respect, market risk is the most significant exposure.

Sogelife and Sogécap carry out their activities as insurance companies within the Sogécap group. Within the framework of the service provision agreement signed between Sogelife and Sogécap, Sogécap provides its expertise to Sogelife regarding its choices in terms of risk management, investment and accounting.

Moreover, Sogelife reinsures 100% of its outstanding amounts in euros with Sogécap, so Sogelife's risk profile is highly dependent on Sogécap's risk profile, particularly in terms of ALM and financial risks.

In terms of market risks, Sogelife is sensitive to shocks of interest rates, of equity markets and of credit spreads. The surrender risk within the risks of life insurance underwriting is also significant.

Through its various components, the risk management system set up within Sogelife aims to constantly ensure the management of all its risks. This system enables the adequate identification, measurement, oversight, management and reporting of risks that it is or could be exposed to, and the implementation of appropriate mitigation measures where necessary.

Policies, validated by the Board of Directors, define the risk-taking framework by formalizing the governance and key metrics related to each risk.

Given Sogelife's activities, its risk management policy is structured around the following main risks, each of which may affect its business, its results or financial position.

The main risks to which Sogelife is exposed are:

- **ALM risks** (liability and asset management) including market, credit and liquidity risks. - Sogelife is mainly exposed to ALM risks;
- **technical risks**, including life insurance underwriting risk. These risks may be of a biometric nature (mortality) or related to the behaviour of the insured party (surrender risk);
- **operational risks and other risks** including strategic risks, reputational risks and risks of loss or penalties, mainly due to internal procedures and systems failures, human errors or external events.

Sogelife uses the standard formula to assess its capital requirements. Sections 2 to 7 below detail the company's risk profile in terms of exposure, concentration and sensitivity, as well as the risk mitigation measures put in place, using SCR calculation modules.

The following table summarizes Sogelife's key risk exposures assessed using their respective SCR modules for the reference year:

(In € K)	31 December 2019
Net SCR per risk module included in the base SCR	
Market risk	174,726
Counterparty risk	10,074
Life underwriting risk	92,279
Diversification	(56,733)
Basic solvency capital requirement (net)	220,346
Operational risk	59,213
Loss-absorbing capacity of deferred taxes	(46,005)
Solvency capital requirement	233,554

2—UNDERWRITING RISK

2.1 EXPOSURE TO UNDERWRITING RISK AND MEASUREMENT

The underwriting risk corresponds to the risk of a loss of own funds resulting from the worsening of one or more risk factors (surrender, mortality, expenses).

The underwriting risk is supervised by a Technical Committee and a New Product Committee chaired by the General Management.

The Technical Committee mainly monitors the implementation of the underwriting policy and associated indicators.

Moreover, any new product or significant transformation of an existing product must be submitted, before its implementation, to an approval process (new product process).

The main underwriting risks inherent to Sogelife's business are summarized in the following table:

UNDERWRITING RISKS	DESCRIPTION OF RISKS
Surrender	The surrender risk takes the form of a variation in the level or volatility of the surrender rate having an impact on the levels of financial revenues and charges taken from the redeemed contracts. The massive surrender risk exposes Sogelife to a risk of loss generated by disposals of assets in unrealized losses.
Mortality	The mortality risk reflects the risk of losses on savings contracts resulting from an underestimation and / or changes in the level, trend and volatility of mortality rates.
Expenses	The expenses risk is the risk that actual operating expenses (personnel, commissions to sales brokers, IT infrastructure...) are higher than the level initially estimated.

2.2 UNDERWRITING RISK CONCENTRATION

Sogelife is mainly exposed to the risk of surrenders due to the predominance of euro and dollar assets in life insurance and capitalization contracts.

the ability to reduce the level of discretionary profit-sharing distributed to policyholders and thus mitigating the impact of the surrender risk in a depressed economic environment. Moreover, the guarantees provided in Sogécap's reinsurance contract with Sogelife constitute a second level of mitigation of the consequences of this risk.

2.3 UNDERWRITING RISK MITIGATION

Given its portfolio consisting mainly of savings agreements with discretionary profit sharing, Sogelife is mainly exposed to the surrender risk before taking into account the absorption capacity of technical provisions. This absorption capacity reflects, for this category of contracts,

2.4 UNDERWRITING RISK SENSITIVITY

Sogelife measures the sensitivity of its main risks to its solvency ratio through applied shocks affecting both its assets and its liabilities.

3—MARKET RISK

3.1 EXPOSURE TO MARKET RISK AND MEASUREMENT

Market risk is defined as the risk of loss of value of financial instruments, resulting from changes in market parameters, the volatility of these parameters and the correlations between these parameters. The parameters in question include exchange rates, interest rates, as well as the price of securities (shares, bonds), and any other assets, such as real estate.

Sogelife is essentially exposed to market risks through its commitments on the Sogécap reinsured euro fund and, to

a lesser extent, through its dollar fund. The fund's market risk in euros is managed by an ALM and Risk Management Committee, reporting to Sogécap's Board of Directors, and the market risk of the dollar fund is managed by a Sogelife Finance and Risk Committee chaired by Sogelife's Chief Executive Officer.

Sogelife is exposed to all market risks taken into account in the standard formula (interest rate, equity, property, currency, concentration and spread).

The allocation of the portfolio of financial assets is presented in section D. Valuation for solvency purposes (paragraph 1.1.6).

The main market risks that Sogelife is exposed to via its Sogécap reinsurer are summarized in the following table:

MARKET RISKS	DESCRIPTION OF RISKS
Interest rate	Interest rate risk is the risk that a fluctuation in the nominal interest rate curve will create a lack of hedging between assets and liabilities ultimately leading to financial losses.
Equity	Equity risk is the risk of loss due to a change in the level and volatility of share prices.
Property	Property risk is the risk of a change in the market value of property held.
Currency	Currency risk corresponds to the risk of financial losses mainly related to: - fluctuations in the exchange rate between the euro and the currencies in which the investments of the Sogécap reinsurer's portfolio are denominated, - fluctuations in the exchange rate between the euro and the currencies in which unit-linked policies are denominated
Concentration⁽¹⁾	Concentration risk is the risk that the investment portfolio is insufficiently diversified, resulting in significant losses in the event of a default by a counterparty.
Spread⁽¹⁾	Spread risk is the risk of financial losses related to an increase in the level of credit risk resulting, in particular, from a change in rating or a default of the issuer.

(1) Spread risk and concentration risk are included in the credit risk presented in section 4 below.

3.2 MARKET RISK CONCENTRATION

Concentration risks mainly derive from investments made by Sogécap in the framework of the reinsurance of Sogelife's euro-denominated commitments and, to a lesser extent, investments made in the dollar fund.

Sogécap, for its euro fund, and Sogelife for its dollar fund, invest in different categories of financial assets in accordance with their "prudent person" investment risk management policies validated by their investment Boards of directors. Within each category, exposures are diversified in terms of geography, issuers and sectors, and the implementation of these policies is characterized by the definition of thresholds, limits and constraints.

The market risk of the euro fund is managed by the Sogécap ALM and Risk Management Committee and that of the dollar fund is managed by the Sogelife Finance and Risk Committee.

The main concentrations are taken into account in the standard formula in the SCR concentration risk sub-module (see paragraph 4 below).

3.3 MARKET RISK MITIGATION

Within the framework of the reinsurance agreement between Sogelife and Sogécap, Sogécap is committed to paying an amount of positive financial income.

Moreover, Sogécap has set up financial hedges against rate rises in all of its portfolios (caps) as well as against

their fall (swaps and swaptions). Liabilities reinsured by Sogécap benefit from these hedges.

Sogelife's investment risk management policy covers the monitoring of financial risks linked to investments in dollars.

3.4 MARKET RISK SENSITIVITY

Sensitivities on the solvency ratio have been determined in relation to the main financial risk factors analysed in isolation or in combination. They take into account the behaviour of policyholders (particularly surrenders) and are net of taxes and net of the participation allocated to policyholders.

The sensitivities and shocks adopted are summarized in the following tables:

RISK FACTORS	SHOCK ADOPTED	IMPACT IN POINTS ON COVERAGE RATE
Increase in interest rates	+50 bp	+3 pts
Decrease in interest rates	-50 bp	-4 pts
Decrease in market value of equity (with dampener adjustment)	-25%	-26 pts
Increase in spreads	+50 bp on Government and +100 bp on corporates	-89 pts

Interest rate curve +/- 50 basis points: this sensitivity corresponds to a shift of the swap rate curve by 50 basis points upwards or downwards.

Fall in equity markets by 25%: this sensitivity makes it possible to evaluate, as with rates, the impact on the coverage ratio of an immediate drop in the level of equity and real estate indices.

4—CREDIT RISK

4.1 EXPOSURE TO CREDIT RISK AND MEASUREMENT

Credit risk is defined as the risk of losses resulting from the inability of Sogelife issuers or other counterparties to meet their financial commitments.

Credit risk includes the spread risk and default risk. Moreover, credit risk may be aggravated by concentration risk, resulting from a large exposure to a given risk to one or more counterparties.

The management of the Sogelife credit risk is based on the principle that any commitment having a credit risk is based on a thorough knowledge of the counterparty and the nature of the transaction (investment, reinsurance). Limits are set according to the quality of the counterparties or the nature of the securities.

The standard formula also takes into account, for the valuation of the counterparty risk, bank assets, and deposits with the ceding companies.

4.2 CREDIT RISK CONCENTRATION

Under the reinsurance treaty between Sogelife and Sogécap, Sogelife is exposed to Sogécap's concentration risk.

4.3 CREDIT RISK MITIGATION

The risk of default of reinsurers is mitigated by guarantees received from reinsurers in the form of cash deposits or the pledging of high-quality securities. Thus Sogécap, Sogelife's main reinsurer, rated A-by Standard & Poor's, pledges securities in favour of Sogelife for at least the amount of the reinsured commitments.

Moreover, the setting of thresholds and limits per counterparty makes it possible to limit this risk on financial assets.

4.4 CREDIT RISK SENSITIVITY

The impact of the credit risk has been taken into account in the sensitivities presented (see section 3.4)

5—LIQUIDITY RISK

5.1 EXPOSURE TO LIQUIDITY RISK AND MEASUREMENT

Within the framework of insurance transactions, the liquidity risk corresponds to the insurer's inability to meet its contractual obligations and the settlement of declared claims (potential losses incurred in the event of forced sales or when financial assets are invested in illiquid markets).

Generally, Sogelife has little exposure to liquidity risk on the guaranteed-rate dollar portfolio, and remains exposed to the liquidity risk indirectly on the guaranteed-rate euro portfolio via its reinsurer Sogécap. Liquidity risk is governed by the investment risk management policy and the ALM risk management policy, validated by the Board of Directors. The risk management policy has been formalized with a view to respecting the "prudent person"

principle, and in particular the principle that all assets are invested in such a way as to guarantee the security, quality, liquidity and profitability of the entire portfolio. Moreover, the location of these assets must ensure their availability.

The ALM risk management policy provides for the conducting of studies on liquidity risk (analysis of the adequacy of cash flows in assets and liabilities, comparison of the terms of assets and liabilities...). Moreover, the investment risk management policy controls the liquidity risk by thresholds and limits. The Finance and Risks Committee is responsible for the validation of the Strategic Allocation of assets including the definition of investment envelopes allocated to illiquid asset classes (private equity, real estate, etc.).

Sogelife does not model any future premium, in accordance with guidelines in terms of the contract boundaries.

5.2 LIQUIDITY RISK CONCENTRATION

The strategic allocation of assets is mainly carried out on liquid assets (Government Bonds and/or international corporate bonds). Investments on asset classes deemed to be less liquid are used only for diversification.

5.3 LIQUIDITY RISK MITIGATION

ALM studies on the risk of liquidity make it possible to ensure the adequacy of the structure of Sogelife investments with its insurance commitments. The management of strategic asset allocations also limits this risk.

The reinsurance agreement between Sogelife and Sogécap protects Sogelife against liquidity risk for the commitments invested in the fund guaranteed in euros.

5.4 LIQUIDITY RISK SENSITIVITY

Liquidity risk is specifically monitored by the Finance and Risks Committee through ALM analyses which mainly consist of checking the adequacy between terms of assets and liabilities and to checking the sensitivity of interest rates to protect against the risk of surrenders.

6—OPERATIONAL RISKS

6.1 EXPOSURE TO OPERATIONAL RISK AND EVALUATION MEASURES

Operational risks are defined as risks of loss or penalties, mainly due to internal procedures and systems failures, human errors or external events. As such, Sogelife has an active prevention policy through the securing of operational processes but also of the dissemination of a “risk culture” within the organization.

The internal control system consists, for all established procedures, methods and measures, of ensuring compliance with applicable laws and regulations. Moreover, it ensures the efficiency and effectiveness of operations as well as the availability, reliability and integrity of financial and non-financial information. The Internal Control department provides and maintains the framework of the internal control system necessary for the control of operational risks.

Sogelife uses the standard formula defined by European regulations to estimate its operational risk.

7—OTHER MATERIAL RISKS

All of the significant risks that Sogelife is exposed to have been presented in sections C2 to C6 above.

D—VALUATION FOR PURPOSES OF SOLVENCY

The general principles adopted for valuing assets and liabilities are those provided for by the provisions of the Solvency 2 Directive, Regulation of the CAA No. 15 / 3 of 7 December 2015 and the Law of 7 December 2015 on the Insurance Sector. Pursuant to article 75 of the Solvency 2 Directive, assets and liabilities are valued at their economic value, that is to say the amount for which they could be exchanged, transferred or paid for within the framework

of a transaction concluded under normal conditions of competition, between informed and consenting parties.

The economic balance sheet, prepared on the basis of the book balance sheet, is the central element of the Solvency 2 prudential environment. It constitutes the basis for calculating prudential capital and capital requirements (SCR and MCR).

AGGREGATE ECONOMIC BALANCE SHEET

(In € K)	2019	2018	VARIATION
Real estate and equipment held for own use by the company	21	63	(42)
Investments (other than assets held for the purposes of unit-linked funds)	450,348	441,942	8,406
Assets held for the purposes of unit-linked funds	4,215,093	3,133,260	1,081,833
Loans and mortgages	4,510	-	4,510
Amounts recoverable in respect of reinsurance contracts	7,928,837	6,829,966	1,098,871
Deposits with assignors	-	-	-
Receivables from insurers and brokers	5,547	3,281	2,266
Receivables from reinsurers	6	6	-
Client receivables (Non insurance)	814	1,328	(514)
Cash and cash equivalents	110,052	103,015	7,037
Other assets	914	874	40
Total assets	12,716,142	10,513,735	2,202,407

(In millions of euros)	2019	2018	VARIATION
Technical Provisions - Non life	-	-	-
Life technical reserves (excluding UL and indexed)	7,945,816	6,867,646	1,078,170
Technical Provisions - UL and indexed	4,224,461	3,165,186	1,059,275
Provisions other than technical provisions	214	2,324	(2110)
Pension Fund Obligations	2,075	1,655	420
Deferred Taxes - Liabilities	46,005	31,815	14,190
Derivative liabilities	-	-	-
Debts with credit institutions	-	-	-
Financial debts other than with credit institutions	-	-	-
Various debts	48,949	47,352	1,597
Subordinated debt	133,503	132,912	591
Other liabilities	5,255	4,541	714
Total Liabilities	12,406,278	10,253,431	2,152,847
S2 Excess of assets over liabilities	309,864	260,304	49,560

1—ASSETS

(In € K)	31 DECEMBER 2019			
	Economic value	Book value	Difference	Notes
Deferred acquisition costs	-	9	-9	D.1.1.1
Intangible assets	-	1,360	-1,360	D.1.1.1
Deferred Taxes - assets	-	-	-	D.1.1.2
Real estate and equipment held for the company's own use	21	21	-	D.1.1.3
Investments (other than assets held for the purposes of unit-linked funds) – Liaison account	450,348	427,877	22,471	
Real estate (other than for the company's own use)	-	-	-	D.1.1.4
Holdings	-	-	-	D.1.1.5
Shares	12	10	2	D.1.1.6
Bonds	359,562	336,987	22,575	D.1.1.6
Guaranteed securities	-	-	-	D.1.1.6
Investment Funds	7,780	7,886	-106	D.1.1.6
Derivatives - assets	-	-	-	D.1.1.6
Deposits other than cash equivalents	82,994	82,994	-	D.1.1.6
Other investments	-	-	-	D.1.1.6
Assets held for the purposes of unit-linked funds	4,215,093	4,214,952	141	D.1.1.7
Loans and mortgages	4,510	4,510	-	D.1.1.8
Amounts recoverable in respect of reinsurance contracts	7,928,837	7,208,025	720,812	D.1.1.9
Deposits with assignors	-	-	-	D.1.1.10
Receivables from insurers and brokers	5,547	5,547	-	D.1.1.10
Receivables from reinsurers	6	6	-	D.1.1.10
Client receivables (Non insurance)	814	814	-	D.1.1.11
Cash and cash equivalents	110,052	110,052	-	D.1.1.12
Other assets	914	914	-	D.1.1.13
Total assets	12,716,142	11,974,086	742,055	

1.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR THE VALUATION OF ASSETS

This section presents, for each asset item, the principles, methods and key assumptions used to determine the economic value of the assets in the Solvency 2 balance sheet. Valuation differences are offset by the reconciliation reserve in Solvency 2 equity. When

material, differences between the values adopted in the prudential balance sheet and in the balance sheet are commented on.

1.1.1 Intangible Assets and Deferred Acquisition Costs (FAR)

Intangible assets: these include software and software licenses that are adapted to the company's environment and that cannot be resold. Under Solvency 2, they are recorded for a net economic value of zero in the balance sheet (via a restatement "cancellation of their book values").

Deferred acquisition costs: under Solvency 2, charges deducted from policyholders and the acquisition costs borne by the company before the close of accounts date are not deferred and are immediately and fully withdrawn from equity. Deferred charges and acquisition costs accounted in the financial statements are therefore removed from the Solvency 2 balance sheet because they are no longer eligible to be there.

MATERIAL VALUATION DIFFERENCES

S2

BOOK

-

€1,369

- The value of the intangible assets in the balance sheet corresponds to acquisition costs, net of amortization and any depreciation. The zero-value adopted in the Solvency 2 balance sheet generates a difference of €1,360 on this item.
- Deferred acquisition costs immobilized in the book balance sheet are amortized pro rata to the residual term of contracts. The zero-value adopted in the Solvency 2 balance sheet generates a difference of €9,000 on this item.

1.1.2 Deferred Taxes - assets

Sogelife was in a situation of deferred tax liabilities in its economic balance sheet as at 31 December 2019. (Cf. paragraph d.3.1.4).

1.1.3 Tangible operating assets and operating property

Tangible operating assets are recorded at their amortized cost, the latter being considered the best approximation of the price at which they could be sold.

1.1.4 Investment property

Sogelife does not hold any investment property.

1.1.5 Equity interests

Sogelife does not hold any equity securities.

1.1.6 Financial investments, including those backing UL contracts

Financial investments are valued in the Solvency 2 balance sheet at their fair value according to the valuation methods presented below. The revaluation of financial assets affects the reconciliation reserve and gives rise to the recognition of deferred taxes.

Valuation method

The fair value adopted to value a financial instrument is first and foremost the price when the financial instrument is listed on an active market. In the absence of an active market, fair value is determined using valuation techniques.

A financial instrument is considered to be listed on an active market if prices are easily and regularly available from a stock exchange, a broker, a trader, a business sector, a price evaluation service or regulatory agency, and those prices represent actual transactions legally performed on the market under normal competitive conditions.

The assessment of the inactive character of a market is based on indicators such as a significant decrease in trading volume and activity levels on the market, strong dispersion of prices available over time and between the different market players mentioned, or the age of the last transactions observed on the market under normal competitive conditions.

When there is no listing for a given financial instrument but the components of this financial instrument are listed, the fair value is equal to the sum of the prices of the different components of the financial instrument, incorporating the buy and sell sale price of the net position, taking its direction into account.

When the market for a financial instrument is not or is no longer considered to be active, its fair value is determined using valuation techniques (internal valuation models). These may include, depending on the financial instrument, the use of data from recent transactions performed under conditions of normal competition, fair values of substantially similar instruments, discounted cash flow or option valuation models, valuation parameters or according to a technique of assets revalued at their net book value.

If valuation techniques commonly used by market participants to value instruments are available, and if these techniques have been shown to produce reliable estimates of prices obtained in actual market transactions, then Sogelife may use these techniques.

The use of internal assumptions about future cash flows and risk-adjusted discount rates that are taken into account by all market players is authorized. These adjustments are made in a reasonable and appropriate manner after the examination of available information. Internal assumptions mainly take into account counterparty risk, non-performance risk, liquidity risk and model risk, as applicable.

Observable data must meet the following characteristics: non-proprietary (independent data), available, publicly available, based on a narrow consensus and supported by transaction prices.

For example, consensus data provided by external counterparties is considered observable if the underlying market is liquid and the prices provided are confirmed by actual transactions.

The methods for determining the fair value of financial assets in the S2 balance sheet are similar to those prescribed by IFRS 13. The valuation methods use a three-level hierarchy, which reflects the importance of the data used to conduct the valuations:

- **Level 1:** instruments valued by prices (unadjusted) listed on active markets for identical assets or liabilities. These are mainly equities, government bonds, UCITS, and derivatives;
- **Level 2:** instruments valued using data other than the listed prices included in Level 1 that are observable for the asset or liability in question, either directly (that is to say prices) or indirectly - (that is to say data derived from prices). Prices published by an external source,

derived from the valuation of similar instruments, are considered to be data derived from prices. These are mainly financial instruments listed on markets considered to be insufficiently active as well as those traded on over-the-counter markets;

- **Level 3:** instruments whose determination of fair value is based on an evaluation model that uses data that is not observable on a market. These are essentially real estate investment company shares or real estate shares, shares of private equity funds, unlisted shares, bonds valued on the basis of a model using extrapolated data, and structured products not listed on an active market whose remuneration is indexed either to indices, baskets of shares, or rates.

In the Solvency 2 repository, Levels 1 and 2 correspond to the notion of "QMP" (Quoted market price - price of the asset on an active market) and level 3 corresponds to the concept of "AVM" (Alternative Valuation Method).

	S2	BOOK
MATERIAL VALUATION DIFFERENCES	€450,348	€432,087

- The economic balance sheet is constructed from the data recorded in the balance sheet, which requires the replacement of the value at amortized cost net of depreciation for all financial assets (pursuant to article 64 of the law of 8 December 1994 on the annual accounts and consolidated accounts), with their fair value.
- Thus, for depreciable assets, the economic valuation leads to:
 - annulling premiums/ discounts (because they are taken into account in the market value),
 - annulling accrued interest, as the market values retained are not flat quotations (market value inclusive of accrued coupons).

The following table details Sogelife's financial investments, including those representing unit-linked contracts, according to the method used for their valuation in the balance sheet:

(In € K)	S2 Valuation Method**	S2 Balance Sheet	Statutory Balance Sheet	Difference
Financial investments excluding UL*		564,931	542,460	22,471
Sovereign bonds	QMP	223,133	203,917	19,216
Sovereign bonds	AVM	–	–	–
Corporate bonds	QMP	132,807	129,471	3,336
Corporate bonds	AVM	3,129	3,123	6
Shares	QMP	12	10	2
Shares	AVM	–	–	–
Investment funds	QMP	7780	7886	106
Investment funds	AVM	0	0	0
Structured securities	QMP	492	475	17
Structured securities	AVM	–	–	–
Guaranteed securities	QMP	–	–	–
Guaranteed securities	AVM	–	–	–
Cash and deposits	QMP	193,046	193,046	0
Cash and deposits	AVM	–	–	–
Loans and mortgages	QMP	2,222	2,222	–
Loans and mortgages	AVM	2,288	2,288	–
Real Estate	QMP	–	–	–
Real Estate	AVM	21	21	0
Derivatives	QMP	–	–	–
Derivatives	AVM	–	–	–
Financial investments representing UL contracts		4,215,093	4,214,952	141
Financial investments representing UL contracts	QMP	4,157,092	4,157,023	69
	AVM	58,001	57,929	72
Total financial investments*		4,780,023	4,757,412	22,611

* Excluding investment property, investments and loans presented respectively in 1.1.4; 1.1.5 and 1.1.8.

** AVM: Alternative QMP valuation method: Asset price in an active market.

1.1.7 Financial assets representing commitments whose investment risk is borne by underwriters

Investments representing insurance or investment contracts whose financial risk is borne by the policyholders are presented at their fair value in a separate item in the Solvency 2 balance sheet.

	S2	BOOK
MATERIAL VALUATION DIFFERENCES	€4,215,093	€4,214,952

In the accounting balance sheet, these assets are recognized using the same valuation method, generating no difference between the two balance sheets. Nevertheless, to meet the Taxonomy "EIOPA XBRL Filing Rules for Solvency II Reporting", the use of a single market price for the same asset is required for all Group entities. Sogelife has therefore made some market price adjustments to back those used by Sogécap in S2 (€141,000 difference).

1.1.8 Deposits other than cash equivalents

The economic value of term deposits is determined by the discounting of future cash flows. Given the non-significant issues, these elements are not discounted and the balance sheet value is maintained.

1.1.9 Reinsurers' share of technical provisions

The technical provisions assigned are determined using a Best Estimate taking into account likely losses in the event of default by the reinsurer.

The reinsurance policy mainly concerns contracts invested in Sogelife's euro support. The reinsurance agreement is a proportional agreement. The calculation methods are specified in section D.2.1 detailing the actuarial technical calculations.

	S2	BOOK
MATERIAL VALUATION DIFFERENCES	€7,928,837	€7,208,025

In the financial statements, the reinsurers' share of technical provisions corresponds to the assigned technical commitments valued pursuant to the amended law of 8 December 1994 on the annual and consolidated accounts, without taking into account the reinsurer's likelihood of default. The gap of €720,812 observed in this item between the Solvency 2 balance sheet and the balance sheet results from the difference in the valuation method.

1.1.10 Deposits with assignor companies, Insurance claims and brokers and Reinsurance receivables

Depending on their age, receivables are valued at their amortized cost (less than 1 year old), or by discounting future cash flows (more than 1 year old). For Sogelife, there is no receivable older than one year. Insurance, brokers and reinsurance receivables are therefore valued at their amortized cost, as for the financial statements.

1.1.11 Other receivables

Depending on their age, other receivables are valued at their amortized cost (less than 1 year old), or by discounting future cash flows (more than 1 year old). For Sogelife, there is no receivable older than one year. Other receivables are therefore valued at their amortized cost, as for the financial statements.

1.1.12 Cash and cash equivalents

Cash flow includes available cash. Cash equivalents are cash available in demand on deposit accounts and are valued at their face value, as for the financial statements.

1.1.13 Other assets

The other assets included in the financial statements (€914,000) correspond to non-financial accruals such as prepaid expenses. These accounts are maintained in the S2 balance sheet at the value shown in the financial statements.

2—TECHNICAL PROVISIONS

(In € K)	31 DECEMBER 2019			Notes
	Economic value	Value book	Difference	
Life technical reserves (excluding UL and indexed)	7,945,816	7,407,216	538,601	D.2.1.1
Technical Provisions - UL and indexed	4,224,461	4,214,952	9,509	D.2.1.2
Other technical provisions	-	-	-	
Total technical provisions*	12,170,278	11,622,168	548,110	

Solvency 2 provisions are calculated according to the nature of the insurance commitments, classified by homogeneous group of risk and, at least, by line of business, the list of which is defined in Delegated Regulation 2015 / 35.

Breakdown of gross and assigned provisions by Solvency 2 line of business (in € K)

Solvency 2 lines of business	Nature Of Guarantees	Technical provisions gross*		Technical provisions assigned Guarantees	
		S1	S2	S2	S2
Life (excluding UL)	Death	7,945,816	7,407,216	(7,928,837)	(7,208,025)
	Savings excluding UL				
UL Life	UL Savings	4,224,461	4,214,952	-	-
Total		12,170,278	11,622,168	(7,928,837)	(7,208,025)

* S2: Including risk margin.

2.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR THE VALUATION OF TECHNICAL PROVISIONS

2.1.1 General principles for the evaluation of technical commitments under Solvency 2

To establish the economic balance sheet, the technical provisions determined for the purposes of the financial statements (mathematical reserves, accepted mathematical reserves, provision for claims payable, profit-sharing provision) are annulled and replaced by economic provisions.

Economic provisions are calculated as the sum of the best estimate of future cash flows (or "Best Estimate") and a risk margin.

The Best Estimate corresponds to the likely amount of future cash flows (incoming or outgoing) related to existing contracts discounted at the risk-free rate plus a "volatility adjustment" for Life insurance commitments,

which reduces the effects of artificial volatility of rate spreads (this volatility correction is also provided by EIOPA).

The risk margin represents the cost of capital that the assignee would have to raise to cover its capital requirement until the liabilities are extinguished.

Best Estimate

The cash flow projections used in the Best Estimate assessment take into account all cash flows (incoming and outgoing) needed to meet the insurance and reinsurance obligations for the term of these commitments.

The cash flow estimate takes into account the value of financial guarantees and any contractual option included in the contracts, and includes the effects of future actions by the Management (profit-sharing policy, use of financial reserves, etc.) and behaviour of the policyholder (surrenders, arbitrations...).

Projected cash flows thus include:

- payments to policyholders and beneficiaries including any discretionary profits that the company plans to pay in the future;
- future costs and commissions.

Risk margin

The risk margin is measured net of reinsurance and using a cost of capital approach. It is based on the capital projection of the solvency capital requirement (SCR) related to the underwriting risk of the existing sheet, operational risk and the risk of default of reinsurers. Future SCRs have been estimated according to the most

appropriate risk determinants. The diversification effects between risks are taken into account in the assessment of the risk margin.

The remuneration cost of future SCRs, adopted for assessing the cost of capital, is set at 6% in Delegated Regulation 2015/35.

MATERIAL VALUATION DIFFERENCES	S2	BOOK
	€12,170,278	€11,622,168

In the balance sheet, technical provisions are valued according to the provisions of the amended law of 8 December 1994 on the annual and consolidated accounts (principle of prudence and sufficiency). On the other hand, S2 provisioning rules are essentially based on the projection of likely and discounted future flows ("Best Estimate" and risk margin).

2.1.2 Calculation of the Best Estimates of the life and savings business

This part concerns the "life insurance with profit sharing" and "unit-linked contracts" lines of business (LoB).

Models used

The asset / liability management model used for the life and savings insurance business calculations is implemented in a calculation engine developed by a recommended publisher.

The economic scenario generator, also marketed by a recommended publisher, allows you to generate the tables of economic scenarios necessary to calculate the Best Estimates of the life and savings business, evaluated in a stochastic way.

These models are used recurrently for internal studies and for the purposes of preparing accounting and IFRS financial statements.

The asset / liability projection does not include future premiums in accordance with regulations relating to the contract scope.

Calculation of the Best Estimate

All flows related to the company's liabilities are projected on the projection terms and on all the economic scenarios generated.

The Best Estimate is obtained by averaging the Best Estimates calculated for each scenario.

Calculation principles and assumptions

- **the stochastic scenarios** used for the calculation of the Best Estimate are based on the following models:
 - ~ for the rate model: "Offset Libor Market Model with Stochastic Volatility",
 - ~ for the equity model: "Stochastic Volatility Jump Diffusion".
- **the following economic indicators** are used to configure these models:
 - ~ rate curves provided by EIOPA in January 2019,
 - ~ the volatilities of the CAC and Eurostoxx equity indicators corresponding to implicit volatilities observed on the equity markets,
 - ~ the volatilities of other equity indicators based on historical data and that concern the real estate index, the private equity index and the hedge fund index,
 - ~ volatilities resulting from the swaptions prices at the calculation date coming from external data (Moody's),
 - ~ average dividend rates of the different share indexes based on historical data,
 - ~ the correlations between these different economic indicators.

ALM life and savings insurance model

The ALM model enables the modelling of asset/liabilities interactions. The table below shows the main components of the ALM model in the life and savings business:

Behaviour of the insurer	The policy concerning the rates offered is managed via an algorithm making it possible to define a target rate, based on rates of return of competing products and rates offered in previous years.
Standard behaviour of policyholders (surrenders and death)	Surrenders are modelled according to the characteristics of homogeneous risk groups.
Dynamic behaviour of policyholders	In the event of dissatisfaction of the policyholder, additional surrenders and arbitrations are activated.
Use of financial reserves	Changes in the profit-sharing provision are taken into account in projections made by the ALM model.
Modelled costs	The company's expenses are taken into account in the model according to the following two categories, and expressed in unit cost: <ul style="list-style-type: none"> ■ management costs related to services; ■ other management costs.
Commissions	Commission rules are taken into account pursuant to the agreements established between Sogelife and providers regarding commissions on outstanding amounts.

2.1.3 Calculation of the risk margin (life and savings insurance calculations)

The calculation of the risk margin corresponds to the simplification method permitted by regulations.

2.1.4 Level of uncertainty associated with the value of technical provisions

The assumptions used to calculate the Best Estimate have been established on the basis of statistics available for the entire portfolio and thus correctly reflect the behaviour of the policyholder.

2.1.5 Description of technical provisions assigned

The technical provisions assigned correspond to the Best Estimate of the reinsurer equal to the discounted value of

the cash-flows paid by Sogécap to Sogelife net of the cost of reinsurance deducted by Sogécap, and take Sogécap's default risk into account.

2.1.6 Impacts of long-term transitional measures adopted by Sogelife

Volatility adjustment

Among the transitional measures authorized by the Solvency 2 Directive, Sogelife applies the volatility adjustment (VA). The aim of this measure is to reduce the effects of artificial volatility in interest rate spreads for calculating the Best Estimate of liabilities. The calculation is based on the spread difference per currency, between the rate of return of assets included in a reference portfolio, and the risk-free rate.

The following table presents the impact of the use of the volatility adjustment on technical provisions, equity and equity requirements:

(In € K)	31 December 2019	
	Taking the VA into account	Not taking the VA into account
Solvency 2 technical provisions	12,170,278	12,179,279
Available own funds*	430,367	426,545
Eligible own funds	382,757	378,181
SCR	233,554	237,561
MCR	58,389	59,390

* To cover the SCR

3—OTHER LIABILITIES

(In € K)	2019			
	Economic value	Book value	Difference	Notes
Potential liabilities	–	–	–	D.3.1.1
Provisions other than technical provisions	214	214	–	D.3.1.2
Pension Fund Obligations	2,075	732	1,343	D.3.1.3
Deferred Taxes - Liabilities	46,005	–	46,005	D.3.1.4
Derivative liabilities	–	–	–	D.3.1.5
Debts with credit institutions	–	–	–	D.3.1.6
Financial debts other than with credit institutions	–	–	–	D.3.1.7
Debts with insurers and brokers	29,217	29,217	–	D.3.1.8
Debt with reinsurers	15,693	15,693	–	D.3.1.8
Accounts payable (non insurers)	4,038	4,038	–	D.3.1.9
Subordinated debt	133,503	125,364	8,139	D.3.1.10
Other liabilities	5,255	5,255	–	D.3.1.11
Total Other Liabilities	236,000	180,513	55,487	

3.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR THE VALUATION OF OTHER LIABILITIES

3.1.1 Contingent liabilities

Significant contingent liabilities (Solvency 2 adopts the definition given by IAS 37) must be accounted in the Solvency 2 balance sheet on the basis of future likely financial flows discounted at the risk-free rate, necessary to extinguish them.

Sogelife has no significant contingent liabilities, therefore no adjustment is recorded in the Solvency 2 balance sheet.

3.1.2 Provisions for risks and charges

Provisions for risks and charges correspond to liabilities whose maturity or amount is uncertain and for which the likelihood of payment to extinguish them is greater than 50%.

They are valued at their economic value, based on probable future cash flows discounted at the risk-free rate, adjusted for the specific risk of the provision.

Taking into account the valuation methods used for the balance sheet, no restatement is recorded for the purposes of drawing up the economic balance sheet.

3.1.3 Pension benefits obligations

Sogelife finances a supplementary pension plan for its employees (provisions on the liabilities side of the balance sheet) under a defined benefit plan.

In the financial statements, the provision established covers pension commitments as defined by the provisions of article 19 of the law of 8 June 1999 on supplementary pension schemes.

A restatement is necessary for the economic balance sheet; the valuation is determined on the basis of the present value of the commitment for future benefits (projection of wages and social security contributions).

MATERIAL VALUATION DIFFERENCES	S2	BOOK
	€2,075	€732,000

In the financial statements, the provision established covers pension commitments as defined by the provisions of article 19 of the law of 8 June 1999 on supplementary pension schemes. The economic valuation of social security commitments generates an overall impact of €1,343.

3.1.4. Deferred Taxes Liabilities

Deferred taxes are recognized in the Solvency 2 balance sheet based on the principles of IAS 12.

Deferred taxes are determined on the basis of the latest tax rates known under the variable carry-forward method, based on temporary differences between the prudential value and the tax value of assets and liabilities.

The rates adopted at the end of 2019 to determine deferred taxes is 24.94% taking into account the tax reform approved by Parliament in December 2016 which establishes the rates in force from 1 January 2019. This rate remains in force at 1 January 2020.

The valuation of deferred tax assets and liabilities reflects the tax consequences that would result from the way Sogelife expects, at the close of the balance sheet, to recover or settle the value of its assets and liabilities.

MATERIAL VALUATION DIFFERENCES	S2	BOOK
	€46,005	

All restatements related to the change in the economic value of assets and liabilities generated an overall impact of €46,005 in deferred tax liabilities.

3.1.5 Derivative liabilities

Sogelife does not use derivatives within the framework of its financial management on investments for which it bears the investment risk.

3.1.6 Debts with credit institutions

These debts include current accounts receivable with credit institutions.

3.1.7 Financial debts other than with credit institutions

Sogelife has no financial debts other than with credit institutions.

3.1.8 Insurers and intermediaries payables, reinsurers payables

Depending on their age, debts with insurers and brokers, and debts with reinsurers valued at their amortized cost in the balance sheet, are valued in the Solvency 2 balance sheet at their amortized cost (less than 1 year old), or by discounting future cash flows (more than 1 year old). The amount of debts more than one year old is insignificant, and is therefore valued at amortized cost in the S2 balance sheet.

3.1.9 Accounts payable (non insurers)

Depending on their age, accounts payable valued at their amortized cost in the balance sheet are valued in the Solvency 2 balance sheet at the amortized cost (less than 1 year old), or by discounting future cash flows (more than 1 year old). The amount of debts more than one year old is insignificant, and is therefore valued at amortized cost in the S2 balance sheet.

3.1.10 Subordinated debt

Subordinated loans are valued in the Solvency 2 balance sheet at their fair value, taking into account the current risk-free rate at the closing date and the spread at the issue date. They are all included in the base equity. Their valuation includes accrued interest debt.

(In € K)	LENDER	TERM	AMOUNT AT ISSUE	S2 VALUATION
19/05/2004	Société Générale Luxembourg	Indeterminate	6,750	6,774
31/07/2006	Société Générale Luxembourg	Indeterminate	2,250	2,254
31/07/2006	Société Générale Luxembourg	15 years	750	751
29/05/2008	Société Générale Luxembourg	Indeterminate	6,000	6,095
29/05/2008	Société Générale Luxembourg	15 years	2,000	2,020
10/08/2009	Société Générale Luxembourg	Indeterminate	11,250	11,477
10/08/2009	Société Générale Luxembourg	15 years	3,750	3,777
30/12/2009	Société Générale Luxembourg	Indeterminate	3,750	3,750
31/12/2009	Société Générale Luxembourg	15 years	1,250	1,250
30/03/2010	Société Générale	Indeterminate	11,850	11,926
30/03/2010	Société Générale	15 years	3,950	3,961
30/09/2010	Société Générale	Indeterminate	11,250	11,356
30/09/2010	Société Générale	15 years	3,750	3,765
26/06/2013	Sogécap	Indeterminate	5,250	6,596
26/06/2013	Sogécap	15 years	1,750	2,143
23/12/2013	Sogécap	Indeterminate	5,250	6,453
23/12/2013	Sogécap	15 years	1,750	2,123
27/06/2014	Sogécap	Indeterminate	17,250	20,657
27/06/2014	Sogécap	15 years	5,750	6,803
23/12/2014	Sogécap	Indeterminate	13,500	14,791
23/12/2014	Sogécap	11 years	4,500	4,781
Total			123,550	133,503

3.1.11 Other liabilities

The other liabilities presented in the Solvency 2 balance sheet correspond to non-financial accruals. Given the valuation methods used for the financial statements for these accounts, no restatement is recorded for the purposes of drawing up the economic balance sheet.

4—ANY OTHER INFORMATION

All important information relating to the valuation of the economic balance sheet has been presented in the preceding paragraphs.

E—CAPITAL MANAGEMENT

1—OWN FUNDS

Under Solvency 2, the own funds are equal to the difference between balance sheet assets and liabilities valued in accordance with the Solvency 2 principles, increased by subordinated loans and reduced by forecast dividends.

They are classified into 4 categories ("Tiers"). This ranking is based on their quality, assessed in terms of their availability to absorb losses, their level of subordination and their duration or permanence, Tier 1 corresponding to the best quality.

N.B. Restricted Tier 1 (ranked Tier 1 R.) corresponds to certain indefinite subordinated loans (pursuant to the grandfather clause).

Moreover, quantitative limits are imposed to determine the amount of eligible capital to cover capital requirements (respectively the SCR - Solvency Capital Requirement - and the MCR - Minimum Capital Requirement).

1.1 CAPITAL MANAGEMENT POLICY

All processes and policies described in Part B of this report help to manage risks that could have a significant impact on Sogelife's creditworthiness with respect to its risk profile. In particular, the ORSA set up by Sogelife makes it possible to perceive, in the long term, the impact of strategic orientations on its solvency and the evolution of this same solvency according to the environment, especially the financial markets.

In the framework of the budgetary year, Sogelife plans its activities over the next three years and can thus anticipate its equity requirements in line with its development ambitions. The company updates its forecasts annually.

1.2 STRUCTURE AND AMOUNTS OF AVAILABLE OWN FUNDS

The S2 available own funds amounted to €430,367 at the end of 2019, up €62,151 (+17%) compared to the end of 2018. The following tables detail the structure of the own funds by type and by Tier:

(In € K)	2019				
	Total	Tier 1	Restricted Tier 1	Tier 2	Tier 3
Ordinary share capital	48,223	48,223	–	–	–
Issue premium account linked to ordinary share capital	24,495	24,495	–	–	–
Reconciliation reserve	224,146	224,146	–	–	–
Subordinated liabilities	133,503	–	102,129	31,373	–
S2 available own funds	430,367	296,864	102,129	31,373	–

(In € K)	2018				
	Total	Tier 1	Restricted Tier 1	Tier 2	Tier 3
Ordinary share capital	48,223	48,223	–	–	–
Issue premium account linked to ordinary share capital	24,495	24,495	–	–	–
Reconciliation reserve	162,586	162,586	–	–	–
Subordinated liabilities	132,912	–	99,882	33,030	–
S2 available own funds	368,216	235,304	99,882	33,030	–

Sogelife S2 available own funds elements meet the Tier 1 and Tier 2 classification criteria only.

The fully called share capital amounted to €48,223 at the end of 2019, unchanged from 2018. Share capital, by its nature, is naturally classified in Tier 1.

The reconciliation reserve represented €224,146 at the end of 2019, down €61,560 from 2018. The elements that make it up meet the criteria for classification in unrestricted Tier 1. It consists of:

- statutory reserves, net of dividends to be paid to the shareholder for €85,688 at the end of 2019, up €14,265 compared to 2018. These reserves correspond to retained earnings and the profit and loss for the financial year;
- future margins shown by the change in economic value of assets and liabilities, net of deferred taxes. These represent €138,458 on 31 December 2019 against €90,503 at the end of 2018.

The subordinated loans, presented in detail in section D.3.1.10, amount to €133,503 and are classified in Tier 1 or in Tier 2, according to their characteristics:

- €102,129 meet the classification criteria in Tier 1: these are perpetual subordinated loans issued before 19 January 2015 for an initial amount of €94,350. This debt benefits from the transitional measure concerning the classification of S2 equity for 10 years ("grandfather clause") authorizing its classification in restricted Tier 1, its issue having occurred before January 19, 2015 (publication date of the Delegated Acts);
- €31,373 meet the Tier 2 classification criteria: this concerns all subordinated fixed-term loans benefiting from the transitional equity measures.

1.3 RECONCILIATION OF THE OWN FUNDS FROM THE FINANCIAL STATEMENTS TO THE EXCESS OF ASSETS OVER LIABILITIES ASSESSED ACCORDING TO SOLVENCY 2 PRINCIPLES

In the economic balance sheet, the surplus of assets over liabilities (presented in section D) amounts to €309,864 at 31 December 2019. The following table shows a reconciliation between Sogelife's own funds, the surplus of assets over Solvency 2 liabilities and the available S2 own funds:

(In € K)	2019	2018
Share capital and issue premiums	72,718	72,718
Other reserves, carry forward and profit and loss for the year	98,688	97,083
Statutory own funds	171,406	169,801
Fair value adjustment of financial assets and liabilities	13,129	3,669
Economic valuation of technical liabilities	172,702	119,051
Annulment of intangibles	(1,368)	(402)
Net impact of deferred taxes	(46,005)	(31,815)
Excess of assets over liabilities	309,864	260,304
Subordinated loans	133,503	132,912
Dividends to be paid	13,000	25,000
S2 available own funds	430,367	368,216

1.4 ELEMENTS DEDUCTED FROM THE OWN FUNDS

Article 70 of Delegated Regulation 2015/35 requires the reduction in the reconciliation reserve of various elements affecting the availability and transferability of equity within the company. In the case of Sogelife, only dividend distributions are deducted from the own funds. Thus, at 31 December 2019, the dividends to be distributed in respect of the 2019 profit and loss for an amount of €13,000 are deducted.

1.5 ELIGIBLE OWN FUNDS FOR CAPITAL REQUIREMENT COVERAGE

1.5.1 Thresholds applicable to available own funds by Tier

The amount of eligible own funds is obtained after applying the limitation rules by Tier to the available own funds. The following table provides a summary of the thresholds applicable by Tier to cover the MCR and SCR:

	OWN FUNDS ELEMENTS	MCR COVERAGE	SCR COVERAGE
Tier 1	<ul style="list-style-type: none"> Share capital Share capital issue premiums Reconciliation reserve Perpetual subordinated loans (issued after 19/01/2015 and which fulfil certain conditions) 	> 80%	> 50%
Restricted Tier 1	<ul style="list-style-type: none"> Indeterminate subordinated loans (issued before 19/01/2015, grandfather clause) and new Tier 1 subordinated loans 	Max 20% of the Tier 1 total	Max 20% of the Tier 1 total
Tier 2	<ul style="list-style-type: none"> Perpetual subordinated loans (issued after 19/01/2015 and which fulfil certain conditions) Subordinated loans that may be classified as restricted Tier 1 but exceeding the 20% limit Fixed-term subordinated loans (issued after 19/01/2015 and which fulfil certain conditions) 	< 20%	< 50% T2+T3 < 50%
Tier 3	<ul style="list-style-type: none"> Net Deferred Taxes - assets (N/A) 	Not eligible	Not Eligible

1.5.2 Eligible own funds for SCR coverage

Eligible own funds to cover the SCR, determined in accordance with the limitation rules by Tier, amounted to €430,367 thousand at the end of 2019, for an SCR of €233,554 thousand (i.e. an SCR coverage rate of 184%).

The following tables show the impact of the application of the limitation rules by Tier on the available equity at the end of 2019.

(In € K)	2019				
	Total	Tier 1	Restricted Tier 1	Tier 2	Tier 3
Ordinary share capital	48,223	48,223	–	–	–
Issue premium account linked to capital in ordinary share	24,495	24,495	–	–	–
Reconciliation reserve	224,146	224,146	–	–	–
Subordinated liabilities	133,503	–	74,216	59,287	–
Eligible S2 own funds/ SCR	430,367	296,864	74,216	59,287	–

(In € K)	2018				
	Total	Tier 1	Restricted Tier 1	Tier 2	Tier 3
Ordinary share capital	48,223	48,223	–	–	–
Issue premium account linked to capital in ordinary share	24,495	24,495	–	–	–
Reconciliation reserve	162,586	162,586	–	–	–
Subordinated liabilities	132,912	–	58,826	74,086	–
Eligible S2 own funds/ SCR	368,216	235,304	58,826	74,086	–

The application of the limitation rules leads to the transfer to Tier 2 of the Restricted Tier 1 equity which exceeds the 20% threshold of Tier 1 eligible own funds:

- in 2019, the surplus of restricted Tier 1 own funds (€27,913) was transferred to Tier 2, bringing Tier 2 own funds covering the SCR to 25%. At 31 December 2019, all available own funds were eligible to cover the SCR.

1.5.3 Eligible own funds for MCR coverage

Eligible own funds to cover the MCR, determined in accordance with the limitation rules by Tier, amounted to €382,757 thousand at the end of 2019 (i.e. an MCR hedging rate of 656%).

The following tables show the impact of the application of the limitation rules by Tier on the available equity at the end of 2019.

(In € K)	2019				
	Total	Tier 1	Restricted Tier 1	Tier 2	Tier 3
Ordinary share capital	48,223	48,223	–	–	–
Issue premium account linked to capital in ordinary share	24,495	24,495	–	–	–
Reconciliation reserve	224,146	224,146	–	–	–
Subordinated liabilities	85,894	–	74,216	11,678	–
Eligible S2 own funds/ MCR	382,757	296,864	74,216	11,678	–

(In € K)	2018				
	Total	Tier 1	Restricted Tier 1	Tier 2	Tier 3
Ordinary share capital	48,223	48,223	–	–	–
Issue premium account linked to capital in ordinary share	24,495	24,495	–	–	–
Reconciliation reserve	162,586	162,586	–	–	–
Subordinated liabilities	67,280	–	58,826	8,454	–
Eligible S2 own funds/ SCR	302,584	235,304	58,826	8,454	–

The application of the limitation rules leads to the transfer to Tier 2 of the Restricted Tier 1 own funds which exceeds the 20% threshold of Tier 1 eligible own funds:

In 2019, the surplus of restricted Tier 1 capital (€27,913) was transferred to Tier 2. The MCR can be covered by up to 20% of Tier 2 own funds, €47,609 of Tier 2 capital becomes ineligible to cover the MCR. Tier 2 capital ultimately amounted to €11,678.

2—SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

2.1 CAPITAL REQUIREMENTS AND COVERAGE RATIO

The following tables present, for 2019, the Solvency Capital Requirement and the Minimum Capital Requirement and their respective coverage ratios by eligible S2 own funds:

Coverage ratio of the solvency capital requirement

(In € K)	2019	2018
S2 eligible own funds for SCR coverage	430,367	368,216
Solvency Capital Requirement	233,554	169,079
Solvency Capital Requirement coverage ratio	184%	218%

Coverage ratio of the Minimum capital requirement

(In € K) S2 eligible own funds for MCR coverage	2019	2018
Minimum Capital Requirement	58,389	42,270
Minimum Capital Requirement coverage ratio	656%	716%

Determined on the basis of the Solvency 2 balance sheet at 31 December 2019, the Sogelife SCR amounts to €233,554 on this date. **The coverage ratio of SCR by S2 eligible own funds amounts to 184%.**

The MCR amounted to €58,389 at 31 December 2019. After the application of the limitation rules by Tier to cover the MCR, eligible own funds amounted to €382,757 at 31 December 2019 **(i.e. a coverage ratio of 656%)**.

2.2 DESCRIPTION OF PRINCIPLES FOR CALCULATING CAPITAL REQUIREMENTS

2.2.1 General framework

Under Solvency 2, the SCR represents the solvency capital requirement. It corresponds to the amount of own funds to be held to limit the probability of ruin at one year to 0.5%. The SCR is based on the company's risk profile and is calculated on the basis of the standard formula calibrated uniformly on the European market. It is calculated by following a modular approach and consists of calculating the loss suffered in case of an adverse event linked to about thirty risk factors. To take into account the low probability of the simultaneous occurrence of all these events, the standard formula introduces correlations between these risk factors and thus makes it possible to recognise diversification benefits.

The standard model breaks down the main risks into modules:

- market risks, representing risks impacting the market value of financial instruments (equities, interest rate, credit risk, real estate prices, exchange rates, etc.);
- underwriting risks arising from uncertainty related to the measurement of the commitments made by the insurer;
- counterparty risk, linked to the potential default of counterparties (reinsurance in particular).

The corresponding capital charges are then aggregated using correlation matrices provided by the regulation to obtain a basic capital requirement (BSCR). An amount intended to cover operational risk is added to this BSCR.

The BSCR is mitigated by two effects that make it possible to obtain the final SCR: on the one hand, taking into account the company's ability to give a lower profit-sharing than that estimated before the shocks (absorption capacity of the profit-sharing provision) and the allocation of the loss to taxable income which will result in paying less tax in the future than that recorded in the Solvency 2 balance sheet (absorption capacity by notional deferred taxes).

The MCR (Minimum Capital Requirement) corresponds to the absolute minimum capital to be held. The MCR is calculated on the basis of factorial formulas distinguishing between life and non-life activities. It cannot be less than 25% of the SCR and exceed 45% of the SCR.

2.2.2 Methods and options adopted for the calculation of the SCR

Sogelife uses the standard formula to calculate its solvency capital requirement and considers that it is appropriate to its risk profile. Sogelife specifically uses the methods and options presented in the following table and permitted by regulations:

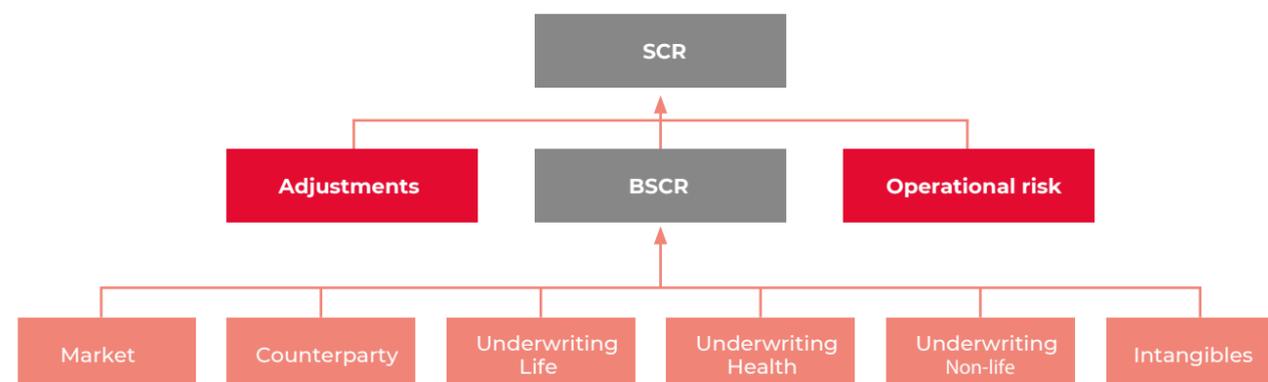
VOLATILITY ADJUSTMENT	The volatility adjustment is applied to the rate curve. As of 31/12/2019, it is set by EIOPA, its level is +0.07% (difference between the curve without a premium and the curve with premium) compared to 0.24% at 31/12/2018.
CREDIT RISK ADJUSTMENT	The Credit Risk Adjustment is applied to the rate curve. As of 31/12/2019, it is set by EIOPA, its level is -0.10%, the same as at 31/12/2018.
EQUITY SHOCKS ADOPTED	The equity SCR is calculated according to the "equity" transitional measure.
NOTIONAL DEFERRED TAXES	The notional deferred tax is determined using the simplified method. In the absence of a substantial difference in the elements of the economic balance sheet, the rate of 24.94% is set. This rate is applied to the instantaneous loss (total SCR net of absorption).

2.2.3 General principles for calculation of the MCR

The MCR is calculated by applying the standard calculation formula specified by the Delegated Regulation. The company's MCR is the highest amount between the combined MCR and the absolute floor of the MCR fixed at 3.7 million euros. Given Sogelife's profile, the combined MCR is adopted.

The MCR is obtained by applying factors (calibrated by EIOPA) to Best Estimates net of reinsurance by line of business as well as risky capital across all lines of business. The amount of MCR adopted cannot be less than 25% of the SCR and more than 45% of the SCR.

The following diagram describes the calculation structure of the SCR and the main risk modules taken into account in the standard formula. In the case of Sogelife, the non-life, health and intangible underwriting risk modules are not applicable.



2.3 SOLVENCY CAPITAL REQUIREMENT BY RISK MODULES

This section presents the breakdown of the SCR of Sogelife by risk modules of the standard formula as well as the contributions of technical provisions and deferred taxes to the absorption of losses.

This breakdown highlights the key risks that Sogelife faces in its business, namely market risk, and to a lesser extent Life underwriting risk. These risks have been described in detail in the Risk Profile section of this report.

The following table presents the breakdown of the Sogelife SCR by risk module at 31 December 2019:

(In € K)	2019	2018
Net Solvency capital required		
Market risk	174,726	117,761
Counterparty risk	10,074	8,015
Life underwriting risk	92,279	85,662
Health underwriting risk	-	-
Non-life underwriting risk	-	-
Intangible assets risk	-	-
Diversification	(56,732)	(46,729)
Basic solvency capital requirement	220,346	164,709
Adjustment linked to ring-fenced funds		
Operational risk	59,213	36,185
Loss-absorbing capacity of deferred taxes	(46,005)	(31,815)
Solvency capital requirement	233,554	169,079

Given Sogelife's risk profile, the market risk is the main source of capital requirements, representing €174,726 at 31 December 2019.

The life underwriting risk of €92,279 is essentially the risk on surrenders.

The diversification benefit amounts to €-56,732 and brings the BSCR to €220,346.

The rise in the SCR in 2019 is mainly due to the increase in assets under management and the decrease in shock absorption capacity via profit sharing against a backdrop of lower rates in 2019 than in 2018.

2.4. Minimum capital requirement

The following tables detail Sogelife's MCR amounts at the end of 2019 calculated using the Combined MCR formula:

(In € K)	2019	2018
Linear Minimum Capital Requirement	29,579	22,145
Linear MCR - Life	29,579	22,145
Linear MCR - Non-life	-	-
25% floor of the SCR	58,389	42,270
45% ceiling of the SCR	105,099	76,086
Minimum capital requirement	58,389	42,270

3—USE OF THE DURATION-BASED “EQUITY RISK” SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The “equity risk” sub-module is not used by Sogelife.

4—DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

Not applicable because Sogelife uses the standard formula.

5—NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

Not applicable because Sogelife meets the capital requirements.

6—ANY OTHER INFORMATION

All important information relating to capital management has been presented in the preceding paragraphs.

APPENDIX

1—CORRELATION TABLE BETWEEN PRODUCTS MARKETED BY SOGELIFE AND THE LINES OF BUSINESS PROVIDED FOR BY THE SOLVENCY 2 DIRECTIVE

	NI	L17	L18	L19	L22	L23	L24
	Medical costs	Insurance with PS	UL Contracts	Other life insurance contracts	Life reinsurance	Health insurance	Health reinsurance
Retirement Saving							
	Individual life insurance and capitalization contracts (multi-support)	X	X				
	Individual retirement contracts (PERP and Madelin) Group retirement contracts						
	Reinsurance acceptances of US\$ Komerční Pojišťovna commitments				X		
Personal protection	Temporary death insurance						
	Individual Health Insurance						
	Funeral Insurance						
	Care Insurance						
	Borrowers' Insurance						
	Occupational Insurance Schemes Collective Health Insurance						

ANNUAL QUANTITATIVE STATEMENTS

1. STATEMENT S.02.01.02 - BALANCE SHEET

Assets		Solvency II value
		C0010
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred taxes assets	R0040	-
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	21,093
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	450,348,089
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	-
Equities	R0100	11,939
Equities - listed	R0110	11,939
Equities - unlisted	R0120	-
Bonds	R0130	359,561,969
Government Bonds	R0140	223,132,974
Corporate bonds	R0150	135,936,112
Structured notes	R0160	492,883
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	7,780,277
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	82,991,905
Other investments	R0210	-
Assets held for index-linked unit-linked contracts	R0220	4,215,092,546
Loans and mortgages	R0230	4,509,646
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	4,506,646
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	7,928,837,073
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	7,928,837,073
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	7,928,837,073
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	5,546,940
Reinsurance receivables	R0370	6,462
Receivables (trade, not insurance)	R0380	813,769
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	110,051,948
Any other assets, not elsewhere showed	R0420	914,057
Total assets	R0500	12,716,141,623

Liabilities		Solvency II value
		C0010
Technical Provisions – non-life	R0510	-
Technical Provisions – non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best estimate	R0540	-
Risk margin	R0550	-
Technical provisions – health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best estimate	R0580	-
Risk margin	R0590	-
Technical provisions – life (excluding index-linked and unit-linked)	R0600	7,945,816,430
Technical provisions – health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	7,945,816,430
Technical provisions calculated as a whole	R0660	-
Best estimate	R0670	7,876,337,467
Risk margin	R0680	69,478,963
Technical Provisions – index-linked and unit-linked	R0690	4,224,461,199
Technical provisions calculated as a whole	R0700	-
Best estimate	R0710	4,205,073,783
Risk margin	R0720	19,387,415
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	213,707
Pension benefit obligations	R0760	2,075,000
Deposit from reinsurers	R0770	-
Deferred tax liabilities	R0780	46,005,163
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	29,217,182
Reinsurance payables	R0830	15,693,216
Payables (trade, not insurance)	R0840	4,038,142
Subordinated liabilities	R0850	133,502,816
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	133,502,816
Any other liabilities, not elsewhere shown	R0880	5,255,025
Total liabilities	R0900	12,406,277,880
Excess of assets over liabilities	R1000	309,863,743

2. STATEMENT S.05.01.02 - PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS

		Line of business: life insurance commitments							Life reinsurance commitments		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations		Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260		C0270	C0280	C0300
Premiums written											
Gross	R1410	-	1,149,504,748	1,178,534,038	0				-	670,866	2,328,709,652
Reinsurers' share	R1420	-	1,181,261,515	0	32,744				-	-	756,990,188
Net	R1500	-	- 31,756,767	1,178,534,038	- 32,744				-	670,866	598,248,762
Premiums earned											
Gross	R1510	-	1,149,504,748	1,178,534,038	-				-	670,866	2,328,709,652
Reinsurers' share	R1520	-	1,181,261,515	-	32,744				-	-	756,990,188
Net	R1600	-	- 31,756,767	1,178,534,038	- 32,744				-	670,866	598,248,762
Claim incurred											
Gross	R1610	-	476,470,667	346,790,546	-				-	1,274,510	824,535,723
Reinsurers' share	R1620	-	466,431,013	-	-				-	-	466,431,013
Net	R1700	-	10,039,654	346,790,546	-				-	1,274,510	358,104,710
Changes in other technical provisions											
Gross	R1710	-	728,793,099	1,081,717,301	263,863				-	- 273,611	1,810,500,652
Reinsurers' share	R1720	-	783,195,228	-	32,131				-	-	783,227,359
Net	R1800	-	- 54,402,129	1,081,717,301	231,732				-	- 273,611	1,027,273,293
Expenses incurred	R1900	-	33,324,974	37,679,247	0				-	518,365	71,522,586
Other expenses	R2500										5,767,200
Total expenses	R2600										77,289,786

3. STATEMENT S.05.02.01 - PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY

		Home country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 countries and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		France	Italy	Monaco	Swiss	New Caledonia	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	49,208,569	914,416,925	764,318,859	314,862,136	88,888,529	82,533,390	2,214,228,408
Reinsurers' share	R1420	1,181,261,515						1,181,261,515
Net	R1500	- 1,132,052,947	914,416,925	764,318,859	314,862,136	88,888,529	82,533,390	1,032,966,893
Premiums earned								
Gross	R1510	49,208,569	914,416,925	764,318,859	314,862,136	88,888,529	82,533,390	2,214,228,408
Reinsurers' share	R1520	1,181,261,515						1,181,261,515
Net	R1600	- 1,132,052,947	914,416,925	764,318,859	314,862,136	88,888,529	82,533,390	1,032,966,893
Claim incurred								
Gross	R1610	73,676,302	185,602,190	142,570,685	162,658,607	2,833,372	361,600	567,702,755
Reinsurers' share	R1620	- 466,431,013						- 466,431,013
Net	R1700	540,107,316	185,602,190	142,570,685	162,658,607	2,833,372	361,600	1,034,133,768
Changes in other technical provisions								
Gross	R1710	- 17,534,391	872,549,140	655,082,414	191,810,098	103,952,466	87,301,610	1,893,161,336
Reinsurers' share	R1720	- 783,227,359						- 783,227,359
Net	R1800	- 800,761,750	872,549,140	655,082,414	191,810,098	103,952,466	87,301,610	1,109,933,977
Expenses incurred	R1900	6,956,914	21,376,067	9,794,298	8,861,252	5,887,061	1,171,707	54,047,300
Other expenses	R2500							5,767,200
Total expenses	R2600							77,289,786

4. STATEMENT S.12.01.02 – LIFE AND HEALTH SLT TECHNICAL PROVISIONS

		Insurance with profit participation	Index-linked and unit-linked insurance		Autres assurances vie			Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Accepted reinsurance	Total (life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (accepted reinsurance)	Total (health similar to life insurance)		
				Contracts without options or guarantees	Contracts with options or guarantees		Contracts without options or guarantees				Contracts with options or guarantees					Contracts without options or guarantees	Contracts with options or guarantees
			C0020	C0030	C0040	C0050	C0060				C0070	C0080				C0090	C0100
Technical provisions calculated as a whole	R0010	-	-			-			-	-	-	-			-	-	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	-	-			-			-	-	-	-			-	-	-
Technical provisions calculated as the sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	R0030	7,858,563,112		-	4,205,073,783		779,723	-	16,994,632	12,081,411,250		-	-	-	-	-	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	7,930,787,301		-			218,651	-		7,931,005,952		-	-	-	-	-	-
Best estimate minus recoverable from reinsurance/SPV and Finite Re - total	R0090	- 70,055,311		-	4,205,073,783		561,072	-	16,994,632	4,152,574,177		-	-	-	-	-	-
Risk Margin	R0100	69,478,963	19,387,415			-			-	88,866,378		-			-	-	-
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	-	-			-			-	-	-				-	-	-
Best estimate	R0120	-		-	-		-	-	-	-				-	-	-	-
Risk margin	R0130	-		-					-	-					-	-	-
Technical provisions - Total	R0200	7,928,042,075	4,224,461,199			779,723			16,994,632	12,170,277,629		-			-	-	-

5. STATEMENT S.22.01.02 – IMPACT OF LONG TERM GUARANTEES MEASURES AND TRANSITIONAL

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of a volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	R0010	12,170,277,629	0	-	9,001,570	-
Basic own funds	R0020	430,366,559	0	-	3,821,103	-
Eligible own funds to meet Solvency Capital Requirements	R0050	430,366,559	0	-	3,821,103	-
Solvency Capital Requirement	R0090	233,554,027	-	-	4,007,397	-
Eligible own funds to meet the Minimum Capital Requirement	R0100	382,757,380	0	-	4,576,009	-
Minimum Capital Requirement	R0110	58,388,507	-	-	1,001,849	-

6. STATEMENT S.23.01.01 - OWN FUNDS

		Total	Level 1 - unrestricted	Level 1 - restricted	Level 2	Level 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	48,222,846	48,222,846	-	-	-
Share premium account related to ordinary share capital	R0030	24,494,913	24,494,913	-	-	-
Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
Subordinated mutual member accounts	R0050	-	-	-	-	-
Surplus funds	R0070	-	-	-	-	-
Preference shares	R0090	-	-	-	-	-
Share premium account related to preference shares	R0110	-	-	-	-	-
Reconciliation reserve	R0130	224,145,984	224,145,984	-	-	-
Subordinated liabilities	R0140	133,502,816	-	102,129,324	31,373,493	-
An amount equal to the value of net deferred tax assets	R0160	-	-	-	-	-
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	-	-	-	-	-
Deductions						
Deductions for participations in financial and credit institutions	R0230	-	-	-	-	-
Total basic own funds after deduction	R0290	430,366,559	296,863,743	102,129,324	31,373,493	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	-
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	R0310	-	-	-	-	-
Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
Letters of credit and guarantees under Article 96 (2) of the Directive 2009/138/EC	R0340	-	-	-	-	-
Letters of credit and guarantees other than under Article 96 (2) of the Directive 2009/138/EC2) of the Directive 2009/138/EC	R0350	-	-	-	-	-
Supplementary members calls under first subparagraph to Article 96 (3) of the Directive 2009/138/EC2009/138/EC	R0360	-	-	-	-	-
Supplementary members – other than under first subparagraph to Article 96 (3) of the Directive 2009/138/ECEC	R0370	-	-	-	-	-
Other ancillary own funds	R0390	-	-	-	-	-

6. STATEMENT S.23.01.01 - OWN FUNDS (CONT.)

		Total	Level 1 - Not restricted	Level 1 - Restricted	Level 2	Level 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400	0			0	0
Available and eligible						
Total available own funds to meet the SCR	R0500	430,366,559	296,863,743	102,129,324	31,373,493	-
Total available own funds to meet the MCR	R0510	430,366,559	296,863,743	102,129,324	31,373,493	
Total eligible own funds to meet the SCR	R0540	430,366,559	296,863,743	74,215,936	59,286,881	-
Total eligible own funds to meet the MCR	R0550	382,757,380	296,863,743	74,215,936	11,677,701	
SCR	R0580	233,554,027				
MCR	R0600	58,388,507				
Ratio of eligible own funds to SCR	R0620	1,843				
Ratio of eligible own funds to MCR	R0640	6,555				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	309,863,743	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	13,000,000	
Other basic own funds	R0730	72,717,759	
Adjustment for restricted own funds items in respect of matching adjustment portfolios and ring fenced funds	R0740	-	
Reconciliation reserve	R0760	224,145,984	
Expected profits			
Expected profits included in future premiums (EPIFP) – Life business	R0770	-	
Expected benefits included in future premiums (EPIFP) – Non-life business	R0780	-	
Total expected profits included in future premiums (EPIFP)	R0790	-	

7. STATEMENT S.25.01.01 – SOLVENCY CAPITAL REQUIREMENT FOR UNDERTAKINGS ON STANDARD FORMULA

		Gross Solvency capital required	PPE	Simplifications
		C0110	C0090	C0180
Market risk	R0010	526,802,569		
Counterparty default risk	R0020	9,999,164		
Life underwriting risk	R0030	85,517,741		
Health underwriting risk	R0040	0		
Non-life underwriting risk	R0050	0		
Diversification	R0060	- 65,075,324		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	557,244,150		

Calculation of Solvency Capital Requirement		
Operational risk	R0130	59,212,799
Loss-absorbing capacity of technical provisions	R0140	- 336,897,759
Loss-absorbing capacity of deferred taxes	R0150	- 46,005,163
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41 / EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	233,554,027
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	233,554,027
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	279,559,190
Total amount of Notional Solvency Capital Requirement for ring-fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCRs aggregation for article 304	R0440	-

		C0109
Approche par le taux moyen d'impôt	R0590	-

		C0130
Capacité absorption de l'ID	R0640	- 46,005,163
LAC ID - réversion des IDP	R0650	- 46,005,163
LAC ID - marges futures taxables	R0660	-
LAC ID carry back de l'exercice	R0670	-
LAC ID carry back des exercices futurs	R0680	-
Maximum LAC ID	R0690	- 46,005,163

8. STATEMENT S28.01.01 – MINIMUM CAPITAL REQUIREMENT (MCR) – ONLY LIFE OR ONLY NON-LIFE INSURANCE OR REINSURANCE ACTIVITY

Linear formula component for life insurance and reinsurance obligations

		C0040		
MCR _t Result	R0200	29,579,349	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
			C0050	C0060
Obligations with profit participation - Guaranteed benefits	R0210		-	
Obligations with profit participation – Future discretionary benefits	R0220		-	
Index-link and unit-linked insurance obligations	R0230		4,205,073,783	
Other life (re)insurance and health (re)insurance obligations	R0240		561,072	
Total capital at risk for all life (re)insurance obligations	R0250			188,642,695

Overall MCR calculation

		C0070
Linear MCR	R0300	29,579,349
SCR	R0310	233,554,027
MCR cap	R0320	105,099,312
MCR floor	R0330	58,388,507
Combined MCR	R0340	58,388,507
Absolute floor of the MCR	R0350	3,700,000

		C0070
Minimum capital requirement	R0400	58,388,507

SOGELIFE

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