



SOGELIFE 2021

Solvency and financial
condition report

SOLVENCY AND FINANCIAL CONDITION REPORT

Financial Year 2021

TABLES OF CONTENTS

ABBREVIATIONS	05	6 – ACTUARIAL FUNCTION	26
SUMMARY	06	6.1 DUTIES OF THE ACTUARIAL FUNCTION.....	26
A – BUSINESS AND PERFORMANCE	08	6.2 IMPLEMENTATION OF THE ACTUARIAL FUNCTION.....	26
1 – BUSINESS	08	7 – OUTSOURCING	26
1.1 INTRODUCTION.....	08	7.1 GENERAL PRINCIPLES.....	26
1.2 SUPERVISORY AUTHORITY.....	08	7.2 SYSTEM IMPLEMENTED.....	27
1.3 EXTERNAL AUDITORS.....	08	7.3 SIGNIFICANT OR CRITICAL OPERATIONAL ACTIVITIES OR FUNCTIONS OUTSOURCED.....	27
1.4 SOGELIFE’S POSITION WITHIN THE SOCIÉTÉ GÉNÉRALE GROUP.....	08	8 – ANY OTHER INFORMATION	27
1.5 COMPANY’S BUSINESS LINES.....	09	C – RISK PROFILE	28
2 – UNDERWRITING PERFORMANCE	10	1 – INTRODUCTION	28
3 – INVESTMENT PERFORMANCE	12	2 – UNDERWRITING RISK	29
3.1 BREAKDOWN OF SOGELIFE’S INVESTMENTS BY ASSET CATEGORY.....	12	2.1 UNDERWRITING RISK EXPOSURE AND MEASUREMENT.....	29
3.2 BREAKDOWN OF FINANCIAL RESULT BY ASSET CATEGORY.....	13	2.2 UNDERWRITING RISK CONCENTRATION.....	29
3.3 UNREALISED CAPITAL GAINS AND LOSSES IN THE PORTFOLIO BY ASSET CATEGORY.....	14	2.3 UNDERWRITING RISK MITIGATION.....	29
3.4 INVESTMENTS IN SECURITISATIONS.....	14	2.4 UNDERWRITING RISK SENSITIVITY.....	30
4 – PERFORMANCE OF OTHER ACTIVITIES	15	3 – MARKET RISK	30
5 – ANY OTHER INFORMATION	15	3.1 MARKET RISK EXPOSURE AND MEASUREMENT.....	30
B – SYSTEM OF GOVERNANCE	16	3.2 MARKET RISK CONCENTRATION.....	31
1 – GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE	16	3.3 MITIGATING MARKET RISK.....	31
1.1 GOVERNANCE BODY AND KEY FUNCTIONS.....	16	3.4 MARKET RISK SENSITIVITY.....	31
1.2 REMUNERATION POLICY AND PRACTICES.....	18	4 – CREDIT RISK	31
1.3 OTHER INFORMATION.....	19	4.1 CREDIT RISK EXPOSURE AND MEASUREMENT.....	31
2 – FIT AND PROPER REQUIREMENTS	19	4.2 CONCENTRATION OF CREDIT RISK.....	31
3 – RISK MANAGEMENT SYSTEM, INCLUDING OWN RISK AND SOLVENCY ASSESSMENT	19	4.3 CREDIT RISK MITIGATION.....	32
3.1 RISK MANAGEMENT SYSTEM.....	19	4.4 CREDIT RISK SENSITIVITY.....	32
3.2 OWN RISK AND SOLVENCY ASSESSMENT (ORSA).....	22	5 – LIQUIDITY RISK	32
4 – INTERNAL CONTROL SYSTEM	22	5.1 LIQUIDITY RISK EXPOSURE AND MEASUREMENT.....	32
4.1 DEFINITION AND OBJECTIVES OF INTERNAL CONTROL.....	22	5.2 LIQUIDITY RISK CONCENTRATION.....	32
4.2 IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM.....	23	5.3 LIQUIDITY RISK MITIGATION.....	32
5 – INTERNAL AUDIT FUNCTION	25	5.4 LIQUIDITY RISK SENSITIVITY.....	32
5.1 GENERAL PRESENTATION OF THE INTERNAL AUDIT FUNCTION.....	25	6 – OPERATIONAL RISKS	33
5.2 INDEPENDENCE AND OBJECTIVITY OF THE INTERNAL AUDIT FUNCTION.....	25	6.1 OPERATIONAL RISK EXPOSURE AND MEASUREMENT.....	33
		7 – OTHER RISKS	33
		D – VALUATION FOR SOLVENCY PURPOSES	34
		1 – ASSETS	35
		1.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR ASSETS VALUATION.....	35

2 - TECHNICAL PROVISIONS	40	ANNUAL QUANTITATIVE STATEMENTS	56
2.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR VALUATING TECHNICAL PROVISIONS.....	40	1. STATEMENT S.02.01.02 – SOLVENCY 2 BALANCE SHEET.....	56
3 - OTHER LIABILITIES	43	2. STATEMENT S.05.01.02 – PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS.....	59
3.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR VALUATING OTHER LIABILITIES.....	43	3. STATEMENT S.05.02.01 – PREMIUMS, CLAIMS AND EXPENSES BY COUNTRY.....	62
4 - ANY OTHER INFORMATION	45	4. STATEMENT S.12.01.02 – TECHNICAL PROVISIONS – LIFE AND HEALTH SLT.....	65
E - CAPITAL MANAGEMENT	46	5. STATEMENT S.22.01.02 – IMPACT OF MEASURES RELATING TO LONG-TERM GUARANTEES AND TRANSITIONAL MEASURES.....	66
1 - OWN FUNDS	46	6. STATEMENT S.23.01.01 – OWN FUNDS.....	67
1.1 OWN FUNDS MANAGEMENT POLICY.....	46	7. STATEMENT S.25.01.01 – SOLVENCY CAPITAL REQUIREMENT FOR UNDERTAKINGS USING THE STANDARD FORMULA.....	69
1.2 STRUCTURE AND AMOUNTS OF AVAILABLE OWN FUNDS.....	46	8. STATEMENT S.28.01.01 – MINIMUM CAPITAL REQUIREMENT (MCR) – LIFE INSURANCE OR REINSURANCE ACTIVITY ONLY.....	70
1.3 RECONCILIATION OF OWN FUNDS FROM THE FINANCIAL STATEMENTS WITH THE EXCESS OF ASSETS OVER LIABILITIES ASSESSED ACCORDING TO SOLVENCY 2 PRINCIPLES.....	47		
1.4 ELEMENTS DEDUCTED FROM EQUITY.....	47		
1.5 ELIGIBLE OWN FUNDS TO COVER CAPITAL REQUIREMENTS.....	48		
2 - CAPITAL REQUIREMENTS AND MINIMUM CAPITAL REQUIREMENTS	50		
2.1 CAPITAL REQUIREMENTS AND COVERAGE RATIO.....	50		
2.2 DESCRIPTION OF PRINCIPLES FOR CALCULATING CAPITAL REQUIREMENTS.....	50		
2.3 SOLVENCY CAPITAL REQUIREMENT BY RISK MODULES.....	51		
2.4 MINIMUM CAPITAL REQUIREMENT.....	52		
3 - USING THE DURATION-BASED “EQUITY RISK” SUB-MODULE IN CALCULATING THE SOLVENCY CAPITAL REQUIREMENT	53		
4 - DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED	53		
5 - NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT	53		
6 - ANY OTHER INFORMATION	53		
APPENDIX	55		
1 - CORRELATION TABLE BETWEEN PRODUCTS MARKETED BY SOGELIFE AND THE LINES OF BUSINESS PROVIDED FOR BY THE SOLVENCY 2 DIRECTIVE	55		

ABBREVIATIONS

The following table summarises 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	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 Indicators
LAT	Liability Adequacy Test under IFRS standards
LoB	Line of Business: business lines defined according to Solvency 2 standard

Acronym	Description
MCR	Minimum Capital Requirement
UCITS	Undertaking for Collective Investment in Transferable Securities
ORSA	Own Risk and Solvency Assessment
PS	Profit-sharing
PCA	Insurance Chart of Accounts
PSAP	Provision for Claims Payable
QMP	Quoted Market Price
QRT	Solvency 2 Quantitative Reporting template
RFF	Ring-Fenced Fund: a 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)
UC	Unit-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 has been sent for validation to the Board of Directors on 30 March.

MAJOR EVENT SIGNIFICANTLY IMPACTING THE RELEVANCE OF THE INFORMATION REPORTED

The data contained in this report provide information on Sogelife's solvency and financial condition as at 31 December 2021 and therefore do not take into account the impact of major events occurring after that date.

SITUATION IN UKRAINE AND RUSSIA

On the economic front, the events of the first quarter of 2022 had an immediate and significant impact on all stock markets around the world, partly reducing gains recorded in 2021 and led to an overall rise in commodity prices. It is impossible to foresee the outcome, length and medium and long-term consequences of this crisis.

The Société Générale Group and all its subsidiaries, including Sogelife, are constantly scrutinizing the situation in Ukraine and Russia, ensuring that customers and all employees receive the utmost attention. The Group rigorously upholds the regulations in force and diligently implements the necessary measures to strictly apply international sanctions as soon as they are published.

In monitoring its coverage ratio and in view of the extent of market risks in its life insurance and savings business, Sogelife closely tracks any developments that might impact its solvency.

As at 31 December 2021, Sogelife had no direct exposure to ruble-denominated securities, nor does it hold any Russian or Ukrainian issuers' assets.

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 capitalisation 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)	2021	2020
Gross written premiums	2 247	1 716
Technical result	39.5	36.8
Net income	28.5	26.4
Financial investments (market value)	7 018	5 277
Book equity	187	185
S2 available own funds	483	481

The 2021 inflow increased (+31%) compared to 2020 thanks to unit-linked products (+42%) in particular, with a diversified offer enabling a wide range of customers to subscribe to products customised to their needs.

As such, unit-linked products accounted for an additional 5 points of total inflows in 2021, rising from 57% to 62%.

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 capitalisation policies. Given its activity in life insurance, Sogelife is mainly exposed to market risks governed by appropriate risk management and governance.

After two years marked by the health crisis, the company did not undergo any major changes in its risk profile.

Valuation of the economic balance sheet

The general principles adopted for valuing assets and liabilities 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 its solvency capital requirement at any moment.

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

At the end of 2021, as at the end of 2020, 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 %)	2021	2020
Eligible own funds to meet the SCR	483	481
SCR	290	230
SCR coverage ratio	167%	209%
Eligible own funds to meet the MCR	396	389
MCR	73	57
MCR coverage ratio	547%	676%

With an SCR coverage rate of 167% at the end of 2021, 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 Émile 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 capitalisation operations,
- The management of collective retirement funds.

Generally, it may carry out any and all 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.

1.2 SUPERVISORY AUTHORITY

Sogelife is subject to the supervision of the *Commissariat aux Assurances* (CAA) of Luxembourg, whose headquarters are located at 7 boulevard Joseph II–L-1840 Luxembourg.

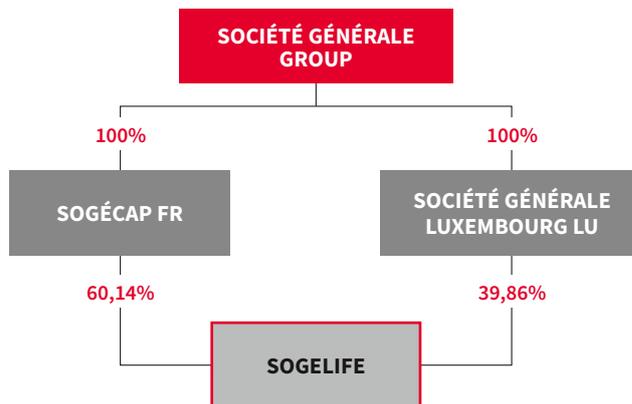
1.3 EXTERNAL AUDITORS

Sogelife’s financial statements are audited by an authorised auditor appointed by the General Meeting for renewable terms of 1 year.

Deloitte Audit	20 boulevard de Kockelscheuer L-1821 Luxembourg
-----------------------	--

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 and *Métier Assurance Groupe* of the Société Générale Group.



1.5 COMPANY'S BUSINESS LINES

Sogelife offers life insurance and capitalisation solutions aimed at an international clientele in different countries of the European Union: Luxembourg, France, Belgium, Italy, Monaco, Spain and the Czech Republic and, under certain conditions, it can respond to requests from residents in Switzerland and the United Kingdom.

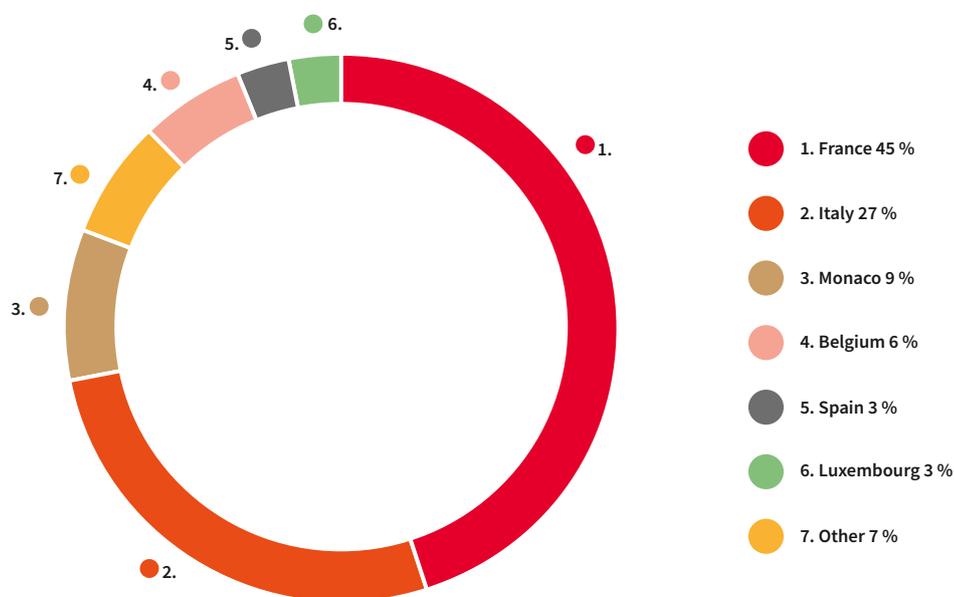
Sogelife offers financial asset solutions tailored to all investment profiles, allowing investors to invest in several currencies through diversified distribution networks such as:

- 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 acceptances) of the main segments in which the company operates:

(In thousands of euros, excluding acceptances)	2021		2020	
Gross written premium	2,247,203	100%	1,715,881	100%
Funds in euros/dollars	848,745	38%	733,460	43%
Unit-linked funds	1,398,459	62%	982,421	57%

Breakdown of Sogelife's gross written premiums by policyholders' country of residence:



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*, notably financial items, which contribute significantly to the company's performance.

(In thousands of euros)	2021				2020	
	QRT S.05.01*	Reconciliation elements			Technical result	Technical result
		Financial	GP	Income & charges		
Gross earned premiums	2,248,692				2,248,692	1,717,945
Claim charges	-780,770				-780,770	-1,286,724
Charges for other technical provisions	-1,887,998				-1,887,998	-338,265
Net change in value of unit-linked provisions		415,401			415,401	-102,478
Subscription balance	-420,076	415,401			-4,675	-9,522
Net investment income		184,611			184,611	170,630
Profit-sharing			-85,202		-85,202	-73,578
Financial balance		184,611	-85,202		99,409	97,052
Acquisition and administration costs	-47,631				-47,631	-44,008
Other technical income and expenses	-610				-610	90
Management balance	-48,241				-48,241	-43,918
Reinsurance balance	82,572		-82,572	-6,958	-6,958	-6,837
Net technical result	-385,745	600,012	-167,774	-6,958	39,535	36,775

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

Sogelife's premium (excluding reinsurance acceptances) amounted to €2,247 million, up by 31% at the end of 2021 compared with the end of 2020. This change reflects the excellent inflow of unit-linked products (+€416 M compared with 2020) and, to a lesser extent,

the increase in the collection of euro funds (+€115 M compared with 2020). The share of unit-linked funds in inflows (62% in 2021) is up by 5 points compared with 2020.

Total service cost amounted to €781 million in 2021, down 39% compared with the previous year.

(In thousands of euros)	2021	2020	Variation
Claims	59,561	55,515	4,046
Surrenders	721,147	1,231,147	-510,000
Annuities	62	62	-
Total service cost	780,770	1,286,724	-505,954

The service cost rate (surrenders and claims) related to the mathematical provisions reached 6% compared to 11% last year.

The changes in technical provisions was up between 2020 and 2021 (€1,550 M), mainly due to the increase in net inflows and also due to a strong market effect driving changes for other technical provisions up from -€102 M in 2020 to +€415 M in 2021.

(In thousands of euros)	2021	2020	Variation
Changes in life insurance provision - Euro funds	193,480	-141,432	334,911
Changes in life insurance provisions - UL	1,694,518	479,697	1,214,822
Total	1,887,998	338,265	1,549,733

The financial balance totalled €99 M, slightly higher than in 2020 (€97 M), with financial revenue increasing (from €171 M to €185 M) and profit-sharing increasing concomitantly (from €74 M to €85 M).

Acquisition and administration costs amounted to €48 M in 2021, up by 8% compared to the 2020 financial year.

(In thousands of euros)	2021	2020	Variation
Acquisition costs	10,336	9,504	832
Administration costs	37,295	34,500	2,795
Total	47,631	44,004	3,627

As a result, **the technical result** for the 2021 financial year amounted to €39.5 M, up €2.8 M over the previous financial year.

3 - INVESTMENT PERFORMANCE

3.1 BREAKDOWN OF SOGELIFE'S INVESTMENTS BY ASSET CATEGORY

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

(In thousands of euros)	2021			2020		
	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 unit-linked)	628,337	612,659	8,7%	580,408	549,343	10,5%
1 Sovereign bonds	259,141	245,548	3,5%	235,798	212,216	4,0%
2 Corporate bonds	157,305	155,339	2,2%	142,599	135,128	2,6%
3 Shares	13	9	0,0%	43	38	0,0%
3 Holdings	-	-	0,0%	-	-	0,0%
4 Investment funds	25,935	25,838	0,4%	42,309	42,316	0,8%
5 Structured securities	15,251	15,234	0,2%	612	597	0,0%
6 Guaranteed securities	-	-	0,0%	-	-	0,0%
7 Cash and deposits	163,047	163,047	2,3%	153,387	153,387	2,9%
8 Loans and mortgages	7,645	7,645	0,1%	5,661	5,661	0,1%
9 Real estate	-	-	0,0%	-	-	0,0%
A-F Derivatives	-	-	0,0%	-	-	0,0%
Financial investments representing unit-linked contracts	6,389,966	6,389,167	91,3%	4,696,259	4,694,649	89,5%
1 Sovereign bonds	101,739	102,021	1,5%	91,936	92,004	1,8%
2 Corporate bonds	318,597	318,572	4,5%	321,660	321,650	6,1%
3 Shares	780,068	780,753	11,2%	457,103	457,112	8,7%
4 Investment funds	3,518,273	3,516,502	50,2%	2,514,064	2,512,186	47,9%
5 Structured securities	791,773	791,803	11,3%	652,021	652,220	12,4%
6 Guaranteed securities	-	-	0,0%	-	-	0,0%
7 Cash and deposits	881,608	881,608	12,6%	659,693	659,693	12,6%
8 Loans and mortgages	-	-	0,0%	-	-	0,0%
9 Real estate	-	-	0,0%	-	-	0,0%
A-F Derivatives	(2,092)	(2,092)	0,0%	(218)	(218)	0,0%
Total	7,018,303	7,001,826	100,0%	5,276,667	5,243,992	100%

The euro-denominated policies are reinsured by Sogécap, which guarantees the premiums invested. This guarantee takes the form of a pledge of investment-grade securities by Sogécap to Sogelife, for an amount at least equivalent to the reinsurance claim.

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 and technical life accounts) are as follows:

(In thousands of euros)	2021	2020	Notes
Investment income	10,171	11,028	A.3.2.1
Profits and losses from the realisation of investments	114	66	A.3.2.2
Other investment income and expenses	(3,139)	(2,945)	A.3.2.3
Internal and external investment management costs and interest	(14,264)	(19,005)	A.3.2.4
Net investment income from reinsurance	73,718	76,021	A.3.2.5
Financial result	66,600	65,164	
<i>of which Technical result</i>	<i>72,135</i>	<i>69,237</i>	
<i>of which Non-technical result</i>	<i>(5,534)</i>	<i>(4,072)</i>	

3.2.1 Investment income by category

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

(In thousands of euros)	2021	2020
1 Sovereign bonds	5,379	5,817
2 Corporate bonds	4,374	4,657
3 Holdings	-	-
3 Shares	-	-
4 Investment funds	310	332
5 Structured securities	-	-
7 Cash and deposits	67	192
8 Loans and mortgages	41	29
9 Real estate	-	-
Total	10,171	11,028

3.2.2 Profits and losses from the realisation of investments

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

(In thousands of euros)	2021	2020
1 Sovereign bonds	-	-
2 Corporate bonds	591	134
3 Shares	-	-
3 Holdings	-	-
4 Investment funds	(478)	(68)
5 Structured securities	-	-
6 Secured securities	-	-
7 Cash and deposits	-	-
8 Loans and mortgages	-	-
9 Real estate	-	-
Total	114	66

| 13 |

3.2.3 Other investment income and expenses

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

In the 2021 financial year, in the absence of any significant change in provisions for depreciation, the main impact corresponds to the amortisation of premiums/discounts.

3.2.4 Internal and external investment management costs and interest

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 to which Sogelife is exposed, 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 within the limits of French regulations.

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

At the end of 2021, the portfolio of Sogelife's financial assets (excluding unit-linked policies) had €15,678 K in unrealised capital gains, down by €15,388 K compared with the end of 2020, notably in a context of rising interest rates. As assets are recorded at their acquisition price, potentially adjusted for depreciation, unrealised

gains are not recorded in the balance sheet. The following table presents the position of unrealised gains or losses per asset category:

(In thousands of euros)	2021	2020
1 Sovereign bonds	13,593	23,582
2 Corporate bonds	1,967	7,471
3 Shares	4	5
3 Holdings	-	-
4 Investment funds	97	(7)
5 Structured securities	17	15
6 Secured securities	-	-
7 Cash and deposits	-	-
8 Loans and mortgages	-	-
9 Real estate	-	-
A-F Derivatives	-	-
Total	15,678	31,065

3.4 INVESTMENTS IN SECURITISATIONS

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

4 - PERFORMANCE OF OTHER ACTIVITIES

The table below 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 thousands of euros)	2021	2020
Net technical result	39,535	36,775
Net investment income - non-technical*	(5,534)	(4,072)
Other non-technical products	-	90
Other non-technical charges	-	-
Extraordinary income	-	-
Income tax	(5,462)	(6,388)
Net profit from the financial year	28,538	26,405

*Presented in Part 3 – Investment Performance.

5 - ANY OTHER INFORMATION

Sogelife has not entered into any significant lease agreement in the year 2021.

B - SYSTEM OF GOVERNANCE

1 - GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

1.1 GOVERNANCE BODY AND KEY FUNCTIONS

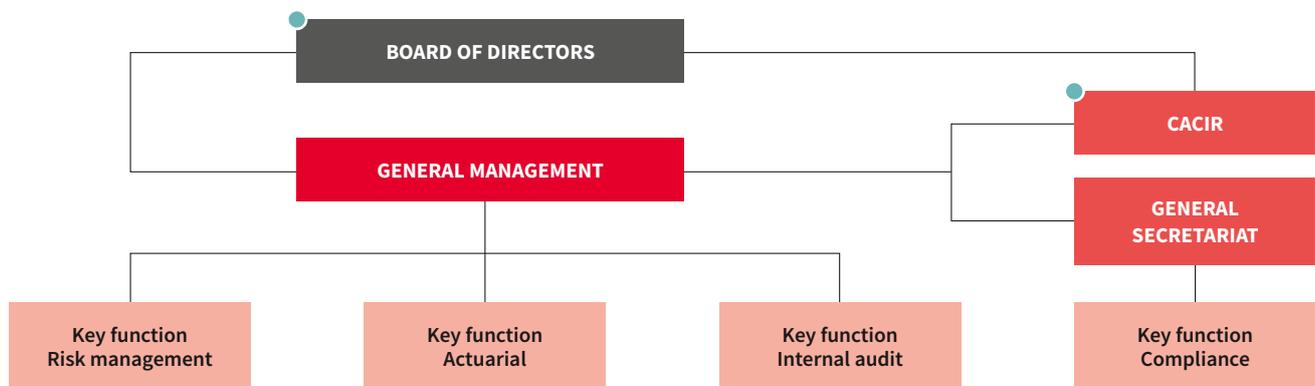
1.1.1 Presentation of the Sogelife governance system

Sogelife’s system of governance is an organisation 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 Specialised Committee made up of Sogelife Directors.

Its task is to assist the members of the Sogelife Board of Directors in their decision-making.

The General Management is responsible for implementing the strategic guidelines decided by the Board of Directors, ensuring that the risks generated by Sogelife’s activity are kept under control. In performing its duties, the General Management is assisted by the heads of the four key functions prescribed by Solvency 2, who mainly meet on various committees.



● Intervention of key functions in these tasks.

1.1.2 The Board of Directors

Duties and Powers

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

Subject to the powers expressly attributed to the shareholders’ meetings and within the limits of the corporate purpose, it deals with any matter related to the smooth running of the company and

deliberates in view of settling matters concerning the company. In particular, the Board exercises the following powers:

- Appointing the Chairman of the Board of Directors and the Chief Executive Officer;
- Reviewing and signing the company’s annual accounts;
- Reviewing and approving the annual Solvency 2 reports;
- Convening shareholders’ meetings;
- Authorising regulated agreements;
- Reviewing and approving the ORSA report;
- Reviewing and approving policy changes.

Operation

The Board of Directors has adopted Bylaws to define the rules and operating procedures of the Board and its Specialised Committees, in addition to the provisions of the law and Sogelife's articles of association.

The Chairman organises and directs the work of the Board.

Sogelife's Board of Directors meets whenever the company's interests so require and at least twice a year, usually in March and October. In addition to the mandatory Board meeting for the closing of the annual accounts and the approval of the prudential reports, there are meetings that are 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 on Sogelife's strategy, development and results.

A notice of meeting setting out the meeting's agenda is sent to the Directors and also to the Statutory Auditors where applicable. Each participant receives a file containing the documents relating to the main subjects on the agenda.

The Chairman shall submit the minutes of the previous meeting(s) to the Board for approval.

Composition of the Board

As at 31 December 2021, the Board of Directors is composed of 6 members: 4 individuals and 2 legal entities.

Specialised Committees of the Board of Directors

The Board of Directors of Sogelife is assisted in its duties by a specialised committee mainly composed of Directors.

Through its expertise, this committee contributes to decision-making by the Board of Directors in accordance with the principles of risk management and good governance. This committee is known as the Audit, Internal Control and Risk Committee (CACIR). The main duties and responsibilities of this committee are described in section 3.1.2.

1.1.3 General Management and key functions

General Management

The Chief Executive Officer, Mr Jean Elia, is responsible for the day-to-day management of the company. He holds the position of authorised manager within the meaning of the French law on the insurance sector.

He is vested with the powers conferred by the Sogelife 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 duties by the Internal Management Committee (CODIR).

Key functions

Being a major component of the company's governance system, the holders of key functions are appointed by the Board of Directors, in view of their expertise and the suitability of the key function with the managerial position they hold within Sogelife.

The key functions thus have the authority, the resources and the operational independence necessary to carry out the tasks incumbent upon them.

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

They may report to the Board of Directors without the presence of General Management if the Board considers this necessary.

The following table outlines the main duties assigned to the heads of key functions within Sogelife:

ACTUARIAL FUNCTION

INCUMBENT: SOGELIFE CHIEF OF FINANCIAL AND ACTUARIAL SUPERVISION

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

RISK MANAGEMENT FUNCTION

INCUMBENT: SOGELIFE FINANCE, TECHNICAL AND RISK DIRECTOR

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

INTERNAL AUDIT FUNCTION

INCUMBENT: A SOGELIFE DIRECTOR WHO SUPERVISES INTERNAL AUDIT 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 Internal Audit requirements at Société Générale Group level.
- Presents the findings of the Internal Audit assignments to the Board of Directors and informs it of the deadlines envisaged for remedying any shortcomings observed.
- Monitors the implementation of recommendations from previous audits.

COMPLIANCE VERIFICATION FUNCTION

INCUMBENT: SOGELIFE SECRETARY GENERAL

- 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 General Management.

| 18 |

Committees reporting to General Management

Sogelife’s General Management has set up 5 committees with specific expertise that are an integral part of the risk management system. These committees, which meet regularly, convene members of General Management, key functions and members of the company’s management in order to cover the various risk areas inherent to the business. These are the:

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

The tasks of these various committees are described in greater 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 II 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 II Directive. This Directive requires the implementation of a remuneration policy that is consistent with the business and risk management strategy, 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 a balance between fixed and variable components as well as deferred payment of a significant portion of the employees’ variable that has a significant impact on the entity’s risk profile.

More specifically, it aims to:

- Set out the general framework and the main principles guiding action in the area of compensation and benefits;
- Describe the roles and responsibilities of each stakeholder, lay down transparent and efficient governance rules;
- Describe the remuneration principles specific to Sogelife under the Solvency II Directive in order to prevent risky behaviour and to ensure that the remuneration system in place permits the alignment of the personal goals of all employees with the company's long-term interests.

This policy applies to all Sogelife employees.

Lastly, it should be noted that no attendance fees are paid to members of the Board of Directors for the performance of their duties.

1.3 OTHER INFORMATION

Sogelife has not entered into any significant transactions during the reporting period with shareholders, persons exercising significant influence or members of the administrative, management or supervisory bodies.

2 - FIT AND PROPER REQUIREMENTS

Sogelife's fit and proper policy makes it possible to ensure beforehand that the persons in charge of running the company or holding key positions within the company:

- Have the relevant qualifications, knowledge, and professional experience to enable them to supervise and manage the business

of the company in which they operate in a professional, sound and prudent manner (Fit),

- Have a good reputation and integrity (Proper).

3 - RISK MANAGEMENT SYSTEM, INCLUDING OWN RISK AND SOLVENCY ASSESSMENT

3.1 RISK MANAGEMENT SYSTEM

3.1.1 General presentation

The objective of Sogelife's risk management system is 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, as well as the interdependencies between its principal risks.

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 chaired by Sogelife's General Management (Technical Committee and Finance and Risks Committee) or by the Board of Directors (CACIR) which ensure comprehensive risk management and adequate reporting for informed decision-making;
- Task management tools to support decision-making: mapping, written policies, tracking indicators, risk management process, assessment of internal risks and Solvency.

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

- Strong involvement of the General Management and the Board of Directors;
- Embodiment of key functions and cooperation between the key functions of Actuarial Supervision and Risk Management;
- Integration of the system with the organisational structure and decision-making procedures;
- Close cooperation with the internal control system;
- Clear separation of roles and responsibilities to avoid potential conflicts of interest: "The people responsible for carrying out tasks are not responsible for monitoring and controlling these tasks";
- Close cooperation between the risk management systems of Sogelife and Sogécap.

3.1.2 Implementation of the Risk Management System

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

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:

- Monitoring financial and prudential information;
- Monitoring internal control;
- Monitoring risk management;
- Monitoring the statutory audit of the annual accounts and the independence of the statutory auditors;
- Reviewing the entity's periodic control programme;
- Monitoring Compliance activities (including Financial Security);
- Monitoring performance of the auditors' assignments;
- Approving the provision of services other than certification of the financial statements (ACAS).

Finance and Risks Committee

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

- Validate risk policies related to ALM and Investments;
- Monitor the implementation of ALM and Investment risk policies;
- Examine and validate economic and financial guidelines;
- Determine the allocation of strategic assets;
- Validate investment proposals in line with the guidelines set by the Board of Directors;
- Monitor investment reporting;
- Review and validate asset exposures in relation to the limits set by the Board of Directors;
- Monitor financial management reporting;
- Present the findings of ALM studies;
- Validate options adopted in the models;
- Prepare an activity report for the CACIR.

Technical Committee

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

- Validating risk policies linked to Underwriting, Provisioning and Reinsurance;
- Monitoring the implementation of risk policies related to Underwriting, Provisioning and Reinsurance;

- Validating the levels of provisions;
- Monitoring risk indicators for Underwriting, Provisioning and Reinsurance policies.

New Product Committee

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

The review of the risks associated with this new product leads to a decision by the Committee, which may 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 manages outsourcing risks (refer to section B.7 Outsourcing).

Compliance Committee

This Committee, which reports to Sogelife's General Management, was first set up at the end of 2019 and meets each quarter to identify:

- Highlights of the past 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;
- Follow-up on compliance recommendations issued by Audit and by the main supervisory authorities;
- New products activity.

Internal Audit Committee

The Internal Audit Committee, which meets quarterly with the Chief Executive Officer and the Internal Audit Department, is responsible for

- Ensuring cross-functional consistency and effectiveness of internal audits;
- Analysing the various findings and control indicators;
- Validating and coordinating the actions undertaken, or to be undertaken, to remedy the anomalies observed and to improve the effectiveness of internal control.

Risk management tools**Risk mapping and repository**

Sogelife has a risk map covering 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 operational managers following a top-down approach in terms of granularity. Risks are assessed in terms of their impact, likelihood of occurrence and coverage.

Assessments, which must be proportionate and considered on a company-wide basis, are analysed jointly by the internal audit team based on available elements (operational losses, managerial supervision, audit reports, KRI, etc.).

The risk map is updated annually. This annual review makes it possible to verify the adequacy of the control systems with the main risk areas and, if necessary, to carry out the necessary adjustments.

Written Policies

The main risks inherent to Sogelife's activity are covered by written risk management policies. These policies set out the principles, processes and procedures put in place by the Company to ensure control over its risks.

These policies are updated at least annually in order to adapt to internal and external factors influencing the risks to which Sogelife is exposed.

A person in charge is appointed for each policy.

RISK MANAGEMENT POLICIES**INVESTMENT RISK POLICY**

The policy specifies the principles to be complied with when making investments. All thresholds and ceilings validated by the risk governance bodies are also covered in detail. These overall provisions seek to uphold the "prudent person" principle.

ALM RISK POLICY

The policy details the principles and thresholds to be applied, the studies and reports to be produced, particularly in view of the long-term management of the company including capital management.

CAPITAL MANAGEMENT POLICY

The policy sets out the governance, procedures and checks and balances implemented for capital management, including the assessment of capital requirements, monitoring of compliance with regulatory capital requirements, and warning thresholds for the capital adequacy ratio.

UNDERWRITING RISK POLICY

Underwriting risk is governed by rules that cover the definition of product design conditions (risks, guarantees, product categories), underwriting conditions to be upheld (underwriting process, thresholds and ceilings to be applied), reporting and monitoring of underwritten risks and controls.

PROVISIONING RISK POLICY

The goal of the provisioning policy is to ensure that Sogelife gives 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 POLICY

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

INTERNAL RISK AND SOLVENCY ASSESSMENT (ORSA) POLICY

This policy describes the processes and procedures put in place to conduct the internal assessment of risks and solvency with regard to 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 conduct the ORSA.

OPERATIONAL RISK MANAGEMENT POLICY

The system put in place must make it possible to identify operational risks, measure their potential impact on financial results and implement and verify the effectiveness of the controls or frameworks making it possible to reduce these risks.

3.2 OWN RISK AND SOLVENCY ASSESSMENT (ORSA)

The overall assessment of solvency is carried out within a framework defined by the General Management of Sogelife.

This assessment is based on the calculation of capital requirements and regulatory results¹, for each year of the business plan. These calculations are performed under a central scenario and under adverse scenarios.

The ORSA provides General Management and the Board of Directors with a prospective assessment of the risks to which Sogelife is exposed 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 as follows:

- Defining the risk profile;
- Analysing the adequacy of the risk profile to the standard formula;
- Defining the risk appetite;
- Defining stress scenarios;
- Overall assessment of solvency;

- Defining management actions;
- Presenting 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 necessary, an *ad hoc* ORSA may be carried out in the event of an unfavourable change in solvency detected by the capital adequacy ratio monitoring system or in the event of a significant acquisition or disposal of a business.

Solvency requirement

The assessment of solvency requirements is the result of a continuous process of monitoring the risk profile. In this framework, the entity implements the following mechanisms:

- Determining a risk profile once a year;
- Validating the risk appetite framework, annually;
- Validating the budgetary roadmap in line with risk appetite thresholds;
- Carrying out forward-looking stress and sensitivity tests.

Governance is organised in order to control the risks identified:

- Determining the risk management framework via policies validated annually by the Board of Directors;
- Setting-up of a committee dedicated to the approval of material changes to marketed products and any new products.

122

4 – INTERNAL CONTROL SYSTEM

4.1 DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

4.1.1 General presentation

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

In particular, it aims 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 on which Sogelife's control system is based, the internal oversight system represents the first two lines of defence:

- The 1st line of defence is the level 1 internal control system and is carried out by the business units and operational departments;
- The 2nd line of defence consists of:
 - A dedicated team independent of the business units and operational departments which oversees the deployment and proper execution of the 1st line of defence and continuously assesses its adequacy for the organisation and processes as well as its effectiveness by exercising level 2 internal control.

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

- Strong involvement of General Management and the Board of Directors;
- Embodiment of the key function of Compliance Review and its cooperation with other key functions and in particular the key function of Risk Management;

¹ Result under IFRS with tax rates and return on equity according to the SOCIÉTÉ GÉNÉRALE standard.

- Close collaboration between the Compliance Review function and the Legal function;
- Uniform implementation of internal control systems and tools throughout Sogelife.

4.1.2 Organisation

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

The latter is composed of three departments that work in close coordination while maintaining strict independence:

- The Compliance Department (encompassing anti-money laundering and anti-terrorist financing activities), which supports the key Compliance Review function;
- The Internal Control Department is responsible for steering the internal control system;
- The Legal and Tax Affairs Department, which is responsible for:
 - Ensuring the legal and fiscal security of Sogelife’s commitments;
 - Carry out legal monitoring and measure the impact of any legislative or regulatory regulation;
 - Providing advice to the General Management of Sogelife within the framework of their activities, their investments and their relations with service providers.

4.2 IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

4.2.1 The bodies

Audit, Internal Control and Risk Committee (CACIR)

This committee of the Board of Directors meets at least twice a year. Its main responsibilities are described above in section B.3.1.2.

Internal Control Committee

The Internal Control Committee, which meets quarterly with the Chief Executive Officer, the Secretary General and the Chief of Internal Control, is responsible for:

- Ensuring consistency throughout the company and effective internal control;
- Analysing the main dysfunctions identified;
- Validating and coordinating the actions undertaken, or to be undertaken, 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 set out the principles, processes and procedures implemented by Sogelife.

In order to adapt these policies to the internal and external factors influencing the risks to which Sogelife is exposed, these policies are updated at least annually.

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 its implementation methods: principles, tools, responsibilities and tasks.

COMPLIANCE REVIEW POLICY

The policy sets out the framework for controlling non-compliance risks and specifies, in particular:

- The governance of the Compliance Review audit function,
- Its characteristics (goals, scope of action, etc.),
- Its tasks (to identify and prevent non-compliance risks, to advise and train, to control and report, to lead and coordinate),
- Compliance review tools (mapping of non-compliance risks, compliance review plan, control plan, management of compliance malfunctions).

The Compliance Review policy shall be reviewed as soon as a change or addition is necessary and at least once a year.

OUTSOURCING POLICY (see B.7)

The policy defines the principles applicable in terms of outsourcing (in particular, when examining an outsourcing project and monitoring a subcontracted service), especially for operational activities or functions considered “significant or critical”.

FIT AND PROPER POLICY (see B.2)

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

Level 1 internal control

Level 1 internal control is defined as all the measures implemented on a permanent basis to guarantee, at the operational level, the compliance, validity and security of operations. It is the responsibility of the operational departments.

It applies to all employees and is based on:

- Constant compliance with the rules and procedures in force by each employee and for all operations they process;
- Management's regular verification of compliance with these procedures;

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

- Operational controls, which are integrated into the procedures and carried out by each employee as part of their daily activities;
- Managerial supervision, which consists in a formalised verification by management of the proper implementation of operational controls.

Level 2 internal control

Level 2 internal control is intended to supervise the deployment and proper enforcement of the level 1 internal control system and constantly assess its suitability for the organisation and processes as well as its effectiveness. It is carried out by a team independent of the operational staff and dedicated to this activity.

This review is carried out by means of a quantitative and qualitative analysis of the various level 1 internal control systems as well as management supervision (relevance, definition of operating procedures, quality of implementation, presence of supporting documents, follow-up of corrective actions).

This work leads to the issuance of a qualified opinion by the Level 2 internal control teams on the effectiveness of Level 1 internal control in the area concerned and, where appropriate, recommendations.

Monitoring compliance failures

Monitoring of compliance malfunctions is based on a real-time alert system, implemented throughout Sogelife, and on formalised quarterly reporting. No incidents were identified as compliance malfunctions in 2021.

Approval process for new products

The approval process for new products is deployed and enforced across the entire business line. The approval process has a pyramidal structure with different levels of assessment according to strategic and risk issues.

A new product with 100% SRI funds was created in 2021.

Monitoring assignments and relations with regulators

The tasks of regulators and relations with regulators are monitored centrally by Sogelife. Recommendations issued by the regulators are monitored and reported on specifically.

Anti-money laundering and anti-terrorist financing system

Sogelife's anti-money laundering and anti-terrorist financing mechanism is adapted to the provisions laid down by local regulations and is mainly based on an alert tool on stock agreement transactions aimed at detecting atypical transactions on the source of funds. The purpose is also to generate, if necessary, a declaration to the Luxembourg public prosecutor's office, and to set up training and awareness-raising for staff.

5 - INTERNAL AUDIT FUNCTION

5.1 GENERAL PRESENTATION OF THE INTERNAL AUDIT FUNCTION

In the “three lines of defence” model applied by Sogelife, Internal Audit, a periodic control that is strictly independent of the business lines and internal control, constitutes the third line of defence.

5.1.1 Responsibilities

This function is entrusted to a Director of Sogelife who supervises the Internal Audit activities delegated by Sogelife to Sogécap.

The Internal Audit activity is subcontracted to the Inspection and Audit Department (IGAD) of Société Générale, pursuant to an agreement signed on 27 January 2016 between IGAD and Sogécap acting on its own behalf and on that of its subsidiaries.

In this capacity, IGAD is responsible for the operational execution of periodic oversight over all Sogelife activities for the main risk categories (operational risks, insurance risks, counterparty risks and market risks). For particularly technical matters (legal, tax, IT, modelling and accounting aspects), IGAD relies on its specialised audit teams.

The services provided by IGAD are governed by the subcontracting policy and are considered to be significant or critical functions. The terms and conditions for the performance and control of this activity are laid down in the aforementioned agreement of 27 January 2016.

In terms of resources, coverage of Sogelife’s scope is provided in accordance with the provisional budget for the assignments included in the IGAD audit plan in agreement with Sogelife’s General Management with a view to being presented to CACIR. The work carried out by periodic control is based on IGAD’s audit methodology, implemented according to the areas reviewed. Each assignment gives rise to an assignment report containing a summary and recommendations which are then monitored regularly in coordination with Sogelife’s internal control department.

5.1.2 Organisation 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 in the Company and an estimate of the time budget for carrying out the review. This assessment 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 Reporting of findings and follow-up

Each assignment gives rise to a presentation of the findings and recommendations to the management of the relevant department.

A report is sent to the management of the department for comments and elaboration of the action plan and deadlines for implementing the recommendations.

After comments have been submitted, the report is distributed to Sogelife’s General Management.

The detailed audit plan for the 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 periodic control as well as follow-up on the implementation of the recommendations contained in the completed audits are presented to the Audit Committee and to the Internal Control and Risks Committee.

5.2 INDEPENDENCE AND OBJECTIVITY OF THE INTERNAL AUDIT FUNCTION

Internal Audit, which is responsible for Periodic Control, is separate from Internal Control.

The reports (dashboards, audit assignments) are reviewed periodically by the Sogelife Management Committee and in various specialised committees.

The independence and effectiveness of Internal Audit is also appraised and guaranteed by the Audit, Internal Control and Risks Committee, which reports to the Sogelife Board of Directors as indicated in section 1 above.

6 - ACTUARIAL FUNCTION

Sogelife's Actuarial Function is embodied by the Chief of Financial and Actuarial Supervision of Sogelife.

6.1 DUTIES 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 major components of the company's risk profile. Within this framework, the duties entrusted with the Chief of the Actuarial Function is based on 3 main areas:

- Coordinating the calculation of technical provisions;
- Reviewing the general underwriting policy and the adequacy of the reinsurance programme in light of the company's risk profile;
- Contributing to the implementation of the risk management system and ORSA.

The Chief of the Actuarial Function reports to the Sogelife Finance and Risks Director, is a member of the Management Committee, and shares no hierarchical link with the persons responsible for the activities under his/her supervision. This position gives him/her the independence necessary to perform his/her duties.

| 26 |

6.2 IMPLEMENTATION OF THE ACTUARIAL FUNCTION

The Actuarial Function has access to all the resources required to carry out the tasks assigned to it. The incumbent is also required to participate in the various committees reporting to the Board of Directors and General Management on issues within his/her scope.

The Actuarial Function is involved in monitoring technical risks and notably in reviewing the calculation of technical provisions, including the monitoring of data quality, underwriting risks and the adequacy of the reinsurance system with the company's risk profile.

It therefore contributes to the implementation of the management system by analysing and monitoring these technical risks as well as through the implementation of the ORSA process.

The work carried out by the Actuarial Function within the framework of the aforementioned duties, and the findings and recommendations resulting therefrom, are set out in an annual actuarial report which is presented to the General Management and the Board of Directors of Sogelife.

The work carried out by the Actuarial Function makes it possible to assess the uncertainty surrounding the valuation of technical provisions.

7 - OUTSOURCING

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

7.1 GENERAL PRINCIPLES

The outsourcing of a service to an external third party, another entity of the Société Générale Group, or another entity of the Sogécap Group, is a common practice. However, one of its effects is to modify the "risk profile" attached to this service. Indeed, outsourcing:

- Creates specific risks, such as dependence on a third party – for example, when certain specialised activities for all institutions are concentrated in the hands of a very small number of providers;
- May result in an increase in operational risks, when services are entrusted to third parties whose internal oversight system is less robust than Sogelife's, or who are subject to less stringent regulatory monitoring;

- May not comply with a regulation applicable to Sogelife, or may create a risk of non-compliance in the event of the service provider's failure.

However, outsourcing can also contribute to better risk management, for example when the service is entrusted to a third party with greater expertise or control resources than the outsourcing institution.

Under all circumstances, whenever Sogelife outsources a service it remains responsible for that service and for the quality of the service provided.

Specific monitoring is therefore set up for outsourcing as part of the internal control system. Outsourcing must not lead to a deterioration in risk control.

7.2 IMPLEMENTED SYSTEM

In general, a formalised risk analysis must be carried out on all outsourcing projects beforehand, particularly with a view to assessing the “significant or critical” nature of the service provided through outsourcing.

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).

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

Measures applicable to all outsourcing operations are strengthened if the operation involves:

- A function or activity deemed “significant or critical”;
- A key function of the governance system under the Solvency 2 Directive.



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

- Reporting to the supervisory authorities;
- Contractual obligations;
- Reporting.

7.3 SIGNIFICANT OR CRITICAL OPERATIONAL ACTIVITIES OR FUNCTIONS OUTSOURCED

Sogelife’s significant or critical outsourced functions or activities are as follows:

PURPOSE OF THE SERVICE OUTSOURCED	NATURE OF THE PROVIDER	LOCATION OF THE PROVIDER
Printing and enveloping customer mail	Intra-group	Luxembourg
IT services (infrastructure, network, workstations, servers, etc.)	Intra-group	Luxembourg
Securities accounting	Intra-group	France - Luxembourg
ALM management and S2 calculations	Intra-group	France

These service providers (all of them within the group) are monitored within the framework of the internal control system to ensure their reliability, financial soundness and business continuity capability in the event of an emergency or business interruption.

Daily operational monitoring is carried out by the business managers of the outsourced activities, in collaboration with Sogelife’s Internal Control Department, 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 life insurance business through the distribution of a wide range of life insurance and capitalisation policies.

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

Sogelife and Sogécap operate as insurance companies within the Sogécap Group. Within the framework of the service provision agreement signed between Sogelife and Sogécap, Sogécap provides its know-how to Sogelife in its risk management, investment and accounting choices.

Moreover, Sogelife reinsures 100% of its euro-denominated assets with Sogécap and hence, Sogelife's risk profile is therefore closely linked to Sogécap's risk profile, particularly with regard to ALM and financial risks.

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

Through its various components, the risk management system set up within Sogelife aims to ensure that all its risks are constantly under control. This system makes it possible to adequately identify, measure, control, manage and report the risks to which it is or could be exposed and to implement appropriate mitigation measures where necessary.

Policies, validated by the Board of Directors, define the risk-taking framework by laying down 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, results or financial position.

The main risks to which Sogelife is exposed are:

- **ALM risks** (Asset and Liability 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 biometric (mortality) or related to the behaviour of policyholders (surrender risk).
- **Operational and other risks** including strategic risks, reputational risks and risks of loss or penalties, particularly due to internal procedures and systems failures, human error or external events.

At the end of financial year 2021, the health crisis impacts on Sogelife's activities have not led to any significant distortion of its risk profile that might call into question the validity of the stress scenarios carried out within the framework of ORSA.

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 internal assessment of risks and solvency is carried out annually within a framework defined by General Management and together with the relevant functions. This process ensures that the assessments are up to date and in line with the risk appetite framework.

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

(In thousands of euros)	31 December 2021
Net SCR per risk module included in the base SCR	
Market risk	254,155
Counterparty risk	7,296
Life underwriting risk	104,075
Diversification	-65,506
Basic solvency capital requirement (net)	300,020
Operational risk	38,802
Loss-absorbing capacity of deferred taxes	-48,730
Solvency capital requirement	290,091

2 - UNDERWRITING RISK

2.1 UNDERWRITING RISK EXPOSURE AND MEASUREMENT

Underwriting risk is the risk of a loss of own funds resulting from an adverse change in one or more risk factors (surrender, mortality, expenses).

Underwriting risk is managed by a Technical Committee and a New Product Committee chaired by the General Management.

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

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

2.2 UNDERWRITING RISK CONCENTRATION

Sogelife is mainly exposed to surrender risks due to the predominance of euro- and dollar-denominated life insurance and capitalisation policies.

In particular, the Technical Committee monitors the implementation of the underwriting policy and associated indicators.

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

2.3 UNDERWRITING RISK MITIGATION

Given its portfolio, which is mainly made up of life insurance savings agreements with discretionary profit sharing, Sogelife is mainly exposed to the risk of surrender before taking into account the absorption capacity of the technical provisions. For this type of agreement, absorption capacity reflects 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.

In addition, the guarantees provided for in Sogécap’s reinsurance contract with Sogelife constitute a second level of mitigation of the consequences of this risk.

3 – MARKET RISK

3.1 MARKET RISK EXPOSURE AND MEASUREMENT

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

Sogelife is mainly exposed to market risk through its commitments on the guaranteed euro fund reinsured by Sogécap and, to a lesser extent, through its dollar fund. The market risk of the euro fund is

2.4 UNDERWRITING RISK SENSITIVITY

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

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 the market risks taken into account in the standard formula (interest rates, equity, real estate, currency, concentration and spread).

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

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

MARKET RISKS	DESCRIPTION OF RISKS
Interest rates	Interest rate risk is the risk that a fluctuation in the nominal interest rate curve will create a mismatch between assets and liabilities, ultimately leading to financial losses.
Equity	Equity risk is the risk of loss due to changes in the level and volatility of share prices.
Property	Property risk is the risk of loss due to a change in the market value of the property held.
Exchange	Exchange risk is the risk of financial losses mainly related to: <ul style="list-style-type: none"> • Fluctuations in the exchange rates between the euro and the currencies in which the investments of the Sogécap reinsurer’s portfolio are denominated; • Exchange rate fluctuations between the euro and the currencies in which unit-linked products are denominated.
Concentration¹	Concentration risk is the risk that the investment portfolio is insufficiently diversified, leading to significant losses in the event of default by a counterparty.
Spread¹	Spread risk is the risk of financial loss due to an increase in the level of credit risk resulting from, for example, a change in rating or default by 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 arise mainly from investments made by Sogécap within the framework of the reinsurance of Sogelife's euro-denominated commitments and, to a lesser extent, from 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 Boards of Directors. Within each category, exposures are diversified in terms of geography, issuers and sectors and the implementation of these policies is characterised by the definition of thresholds, caps 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 MITIGATING MARKET RISK

Under the reinsurance agreement between Sogelife and Sogécap, Sogécap undertakes to pay a positive amount of financial income.

Moreover, Sogécap has set up financial hedges against rising interest rates in all its portfolios (caps), against falling interest rates (via swaps and swaptions) and against falling equity markets. The assets reinsured by Sogécap benefit from these hedges.

4 - CREDIT RISK

4.1 CREDIT RISK EXPOSURE AND MEASUREMENT

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

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

Sogelife's credit risk management is based on the principle that any commitment involving credit risk is based on in-depth

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

3.4 MARKET RISK SENSITIVITY

Instantaneous sensitivities on the solvency ratio have been determined in relation to the main financial risk factors analysed in isolation or combined. They take into account the behaviour of policyholders (notably surrenders) and are net of taxes and net of profit-sharing attributed to policyholders.

The sensitivities and shocks are summarised in the following tables:

RISK FACTORS	SHOCK ADOPTED	IMPACTS ON COVERAGE RATE
Increase in interest rates	+50 bps	-
Decrease in interest rates	-50 bps	+7 pts
Decrease in market value of equity (with dampener adjustment)	-25%	-7 pts
Increase in spreads	+50 bps on Government and +100 bps on corporates	-53 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.

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

knowledge of the counterparty and the nature of the transaction (investment, reinsurance). Limits are set according to the quality of the counterparties or nature of the securities.

The standard formula also takes into account bank balances and deposits with ceding companies for the assessment of counterparty risk.

4.2 CONCENTRATION OF CREDIT RISK

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 by reinsurers is mitigated by guarantees received from reinsurers in the form of cash deposits or pledges of high-quality securities. Thus, Sogécap, Sogelife's main reinsurer, rated BBB+ by Standard & Poor's, pledges securities in favour of Sogelife for an amount at least equal to the reinsured commitments.

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

4.4 CREDIT RISK SENSITIVITY

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

5 - LIQUIDITY RISK

5.1 LIQUIDITY RISK EXPOSURE AND MEASUREMENT

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

In general, Sogelife has little exposure to the 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.

| 32 |

The liquidity risk is governed by the investment risk management policy and the ALM risk management policy, which are validated by the Board of Directors. The investment risk management policy has been determined with a view to upholding the prudent person principle and, in particular, the principle whereby all assets are invested in such a way as to guarantee the security, quality, liquidity and profitability of the portfolio as a whole. In addition, the location of these assets must ensure their availability. The ALM risk management policy provides for studies to be carried out on the liquidity risk (analysis of the adequacy of cash flows for assets and liabilities, comparison of the terms of assets and liabilities, etc.). In addition, the investment risk management policy controls the liquidity risk through thresholds and caps. The Finance and Risks Committee is responsible for validating 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 premiums, in line with guidelines in terms of contract boundary.

5.2 LIQUIDITY RISK CONCENTRATION

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

5.3 LIQUIDITY RISK MITIGATION

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

The reinsurance agreement set up between Sogelife and Sogécap protects Sogelife against the liquidity risk for 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 checking interest rates sensitivity to protect against the risk of surrenders.

6 - OPERATIONAL RISKS

6.1 OPERATIONAL RISK EXPOSURE AND EVALUATION MEASURES

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

The internal control system consists, for all established procedures, methods and measures, of ensuring compliance with applicable

legal and regulations. In addition, it ensures the effectiveness and efficiency 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 controlling operational risks.

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

7 - OTHER MATERIAL RISKS

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

D - VALUATION FOR SOLVENCY PURPOSES

The general principles adopted for the valuation of assets and liabilities are those set out in the Solvency 2 Directive, the Regulation of the *Commissariat aux Assurances* n°15/3 of 7 December 2015 and the Law of 7 December 2015 on the Insurance sector.

In accordance with Article 75 of the Solvency 2 Directive, assets and liabilities are valued at their economic value, *i.e.* at the amount

for which they could be exchanged, transferred or paid for in an arm's length transaction 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 is the basis for calculating prudential capital and capital requirements (SCR and MCR).

AGGREGATE ECONOMIC BALANCE SHEET:

(In thousands of euros)	2021	2020	Variation
Real estate and equipment held for the company's own use	9	15	-6
Investments (other than assets held for the purposes of unit-linked funds)	525,411	489,980	35,430
Assets held for the purposes of unit-linked funds	6,389,966	4,696,259	1,693,707
Loans and mortgages	7,645	5,661	1,984
Amounts recoverable under reinsurance contracts	8,048,483	8,013,813	34,670
Deposits with assignors	-	-	-
Receivables from insurers and brokers	-	-	-
Receivables from reinsurers	7,942	22,030	-14,089
Client receivables (non-insurance)	2,291	5,403	-3,112
Cash and cash equivalents	95,282	84,767	10,514
Other assets	660	810	-150
Total Assets	15,077,687	13,318,739	1,758,948

(In thousands of euros)	2021	2020	Variation
Technical provisions - Non-life	-	-	-
Life technical reserves (excluding unit-linked and indexed)	8,067,980	8,002,448	65,532
Technical provisions - Unit-linked and indexed	6,405,973	4,721,588	1,684,385
Provisions other than technical provisions	229	229	-
Pension fund obligations	2,241	1,991	250
Deferred taxes - Liabilities	48,730	47,481	1,250
Derivative liabilities	-	-	-
Debts with credit institutions	-	-	-
Financial debt other than with credit institutions	-	-	-
Various debts	35,087	32,459	2,628
Subordinated debts	177,705	179,551	-1,847
Other liabilities	5,733	5,283	450
Total Liabilities	14,743,678	12,991,030	1,752,649
S2 Excess of assets over liabilities	334,009	327,709	6,299

1 - ASSETS

(In thousands of euros)	31 December 2021			Notes
	Economic value	Book value	Difference	
Deferred acquisition costs	-	-	-	D.1.1.1
Intangible assets	-	3,112	-3,112	D.1.1.1
Deferred taxes - assets	-	-	-	D.1.1.2
Real estate and equipment held for the company's own use	9	9	-	D.1.1.3
Investments (other than assets held for the purposes of unit-linked funds) - Liaison account	525,411	509,734	15,677	
Real estate (other than for the company's own use)	-	-	-	D.1.1.4
Holdings	-	-	-	D.1.1.5
Shares	13	9	4	D.1.1.6
Bonds	431,697	416,121	15,576	D.1.1.6
Guaranteed securities	-	-	-	D.1.1.6
Investment funds	25,935	25,839	97	D.1.1.6
Derivatives - assets	-	-	-	D.1.1.6
Deposits other than cash equivalents	67,766	67,766	-	D.1.1.6
Other investments	-	-	-	D.1.1.1
Assets held for the purposes of unit-linked funds	6,389,966	6,389,167	798	D.1.1.7
Loans and mortgages	7,645	7,645	-	D.1.1.8
Amounts recoverable under reinsurance contracts	8,048,483	7,418,578	629,905	D.1.1.9
Deposits with assignors	-	-	-	D.1.1.10
Receivables from insurers and brokers	-	-	-	D.1.1.10
Receivables from reinsurers	7,942	7,942	-	D.1.1.10
Client receivables (Non-insurance)	2,291	2,291	-	D.1.1.11
Cash and cash equivalents	95,282	95,282	-	D.1.1.1
Other assets	660	660	-	D.1.1.13
Total Assets	15,077,687	14,434,419	643,268	

| 35 |

1.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR ASSETS VALUATION

This section presents, for each asset item, the principles, methods and main assumptions used to determine the economic value of assets in the Solvency 2 balance sheet. The valuation differences are offset by the reconciliation reserve in Solvency 2 equity. Where material, the differences between the values used 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 licences that are adapted to the company's environment and cannot be

resold. Under Solvency 2, they are recorded at zero economic value in the balance sheet (via a restatement "cancellation of their book values").

Deferred acquisition costs: Under Solvency 2, charges deducted from policyholder and the acquisition costs incurred by the company prior to closure of the accounts are not deferred and are immediately and fully withdrawn from equity. Deferred policyholder charges and acquisition costs recognised in the financial statements are therefore removed from the Solvency 2 balance sheet as they are no longer eligible to be there.

MATERIAL VALUATION DIFFERENCES	S2	BOOK
	-	€3,112 K

The value of intangible assets in the balance sheet corresponds to acquisition costs, net of amortisation and any depreciation. The zero-value adopted in the Solvency 2 balance sheet generates a difference of €3,112 K on this item.

1.1.2 Deferred tax-assets

Sogelife has deferred tax liabilities in its economic balance sheet as at 31 December 2021. (see paragraph D.3.1.4).

1.1.3 Tangible operating assets and operating property

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

1.1.4 Investment property

Sogelife does not hold any investment properties.

1.1.5 Shareholdings

Sogelife does not hold any equity securities.

1.1.6 Financial investments

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 impacts the reconciliation reserve and results in the recognition of deferred taxes.

Valuation method

The fair value adopted to value a financial instrument is primarily 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 readily and regularly available from a stock exchange, broker, trader, business sector, pricing service or regulatory agency and these prices represent actual and regularly occurring market transactions on an arm's length basis.

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

Where there is no listing for a particular financial instrument but the components of that financial instrument are listed, the fair value is equal to the sum of the listed prices of the different components of the financial instrument, incorporating the bid and ask price of the net position, taking into account its direction.

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). Depending on the financial instrument, these may include the use of data from recent arm's length transactions, fair values of substantially similar instruments, discounted cash flow or option pricing models, valuation parameters or according to a net book value technique.

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 is permitted regarding future cash flows and discount rates appropriately adjusted for risks that all market players take into account. These adjustments are made in a reasonable and appropriate manner after examining available data. Internal assumptions take into account, inter alia, counterparty risk, non-performance risk, liquidity risk and model risk, where relevant.

Observable data must meet the following requirements: 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 values of financial assets in the S2 balance sheet are similar to those prescribed by IFRS 13. The valuation methods are prioritised into three levels reflecting 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, bonds, UCITS, and derivatives;
- **Level 2:** Instruments valued using data other than the listed prices included in Level 1 and that are observable for the asset or liability in question, either directly (*i.e.* prices) or indirectly (*i.e.* 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 for which the determination of fair value is based on a valuation model that uses data that are not observable on a market. These are mainly shares in real estate investment companies, real estate, 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 notion of “AVM” (Alternative Valuation Method).

MATERIAL DIFFERENCES IN VALUATION	S2	BOOK
	€525,411 K	€509,734 K

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

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

(In thousands of euros)	S2 Valuation method**	S2 Balance sheet	Statutory Balance sheet	Difference
Financial investments excluding unit-linked funds*		628,346	612,669	15,677
Sovereign bonds	QMP	259,141	245,548	13,593
Sovereign bonds	AVM	-	-	-
Corporate bonds	QMP	151,171	149,213	1,958
Corporate bonds	AVM	6,134	6,125	9
Shares	QMP	13	9	4
Shares	AVM	-	-	-
Investment funds	QMP	25,935	25,837	97
Investment funds	AVM	1	1	0
Structured securities	QMP	15,219	15,203	16
Structured securities	AVM	32	31	1
Guaranteed securities	QMP	-	-	-
Guaranteed securities	AVM	-	-	-
Cash and deposits	QMP	163,047	163,048	-1
Cash and deposits	AVM	-	-	-
Loans and mortgages	QMP	6,871	6,871	-
Loans and mortgages	AVM	774	774	-
Real estate	QMP	-	-	-
Real estate	AVM	9	9	-
Derivatives	QMP	-	-	-
Derivatives	AVM	-	-	-
Financial investments representing unit-linked contracts		6,389,966	6,389,167	798
Financial investments representing unit-linked contracts	QMP	6,351,779	6,350,949	830
	AVM	38,187	38,218	-31
Total financial investments*		7,018,311	7,001,836	16,475

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

**AVM: Alternative Valuation Method. QMP: price of the asset in an active market.

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

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

MATERIAL DIFFERENCES IN VALUATION	S2	BOOK
	€6,389,966 K	€6,389,167 K

In the accounting balance sheet, these assets are recognised using the same valuation method, generating no difference between the two balance sheets. However, in order to comply with the “EIOPA XBRL Filing Rules for Solvency 2 Reporting” taxonomy, 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 (difference of €798 K).

1.1.8 Deposits other than cash equivalents

The economic value of term deposits is determined by discounting future cash flows. Since the stakes are not significant, these items 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 the Sogelife euro support. The reinsurance agreement is a proportional agreement. The calculation methods are specified in section D.2.1 detailing the actuarial technical calculations.

MATERIAL DIFFERENCES IN VALUATION	S2	BOOK
	€8,048,483 K	€7,418,578 K

In the financial statements, the reinsurers' share of technical provisions corresponds to the assigned technical commitments valued in accordance with the provisions of the accounting law of 8 December 1994 relating to annual accounts and consolidated accounts issued by the *Commissariat aux Assurances*, without taking into account the reinsurer's likelihood default. The disparity of €629,905 K observed in this item between the Solvency 2 balance sheet and the balance sheet results from the difference in valuation method.

1.1.10 Deposits with assignor companies, insurance claims and brokers, receivables from reinsurers

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

1.1.11 Other receivables

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

1.1.13 Other assets

The other assets included in the financial statements (€810 K) 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 thousands of euros)	31 December 2021			
	Economic value	Book value	Difference	Notes
Life technical reserves (excluding unit-linked and in-dexed)	8,067,980	7,648,563	419,417	D.2.1.1
Technical provisions-unit-linked and indexed	6,405,973	6,389,167	16,806	D.2.1.2
Other technical provisions	-	-	-	
Total Technical Provisions	14,473,953	14,037,731	436,223	

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 (this list is defined in Delegated Regulation 2015/35).

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

Solvency 2 business lines	Nature of the guarantees	Gross technical provisions*		Technical provisions assigned	
		S2	S1	S2	S1
Life (excluding UL)	Death	8,067,980	7,648,563	(8,048,483)	(7,418,578)
	Savings excluding UL				
UL Life	UL savings	6,405,973	6,389,167	-	-
Total		14,473,953	14,037,731	(8,048,483)	(7,418,578)

*S2: Including margin for risk.

2.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR VALUATING TECHNICAL PROVISIONS

2.1.1 General principles for valuating technical commitments under Solvency 2

In order 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 interest rate spreads (this volatility adjustment 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) required to meet the insurance and reinsurance obligations throughout the lifetime of these commitments.

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

Projected cash flows thus include, in particular:

- Payments to policyholders and beneficiaries including any discretionary profits that the company expects 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 portfolio, the operational risk and reinsurers' risk of

default. Future SCRs have been estimated according to the most appropriate risk drivers. Diversification effects between risks are taken into account when assessing the risk margin.

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

MATERIAL DIFFERENCES IN VALUATION

S2	BOOK
€14,473,953 K	€14,037,731 K

In the balance sheet, technical provisions are valued in accordance with the provisions of the accounting law of 8 December 1994 issued by the *Commissariat aux Assurances* (principle of prudence and adequacy). On the other hand, the S2 provisioning rules are essentially based on the projection of likely and discounted future flows ("Best Estimate" and risk margin).

2.1.2 Calculating the Best Estimate 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 calculations of the life and savings business is implemented in a calculation engine developed by a recommended publisher.

The economic scenario generator, itself marketed by a recommended publisher, is used to generate the economic scenario tables necessary to calculate the Best Estimates of the life and savings business, evaluated in a stochastic manner.

These models are used on a recurring basis for internal studies and for the purposes of preparing accounting and IFRS financial statements.

The asset/liability projection does not include future premiums within the framework of contract boundaries.

Calculating the Best Estimate

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

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

Assumptions and calculation principles

- The **stochastic scenarios** used to calculate the Best Estimate are based on the following models:
 - For the interest rate model: "Offset Libor Market Model with Stochastic volatility";
 - For the equity model: "Stochastic Volatility Jump Diffusion".
- The following **economic indices** are used to configure these models:
 - Rate curves provided by EIOPA in January 2022;
 - Volatilities of the CAC and Eurostoxx equity indices corresponding to implicit volatilities observed on the equity markets;
 - Volatilities of the other equity-type indices are based on historical data and concern the real estate index, the private equity index and the hedge fund index;
 - Volatilities ensuing from swaption prices at the calculation date are based on external data (Moody's);
 - Average dividend yields of the various equity-type indices are based on historical data;
 - Correlations between these different economic indices.

ALM Life and savings insurance model

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

Behaviour of the insurer	The rate of return policy is managed via an algorithm that makes it possible to define a target rate of return based on the rates of return of competing products and the rates of return paid in previous years.
Standard policyholder behaviour (surrenders and death)	Surrenders are modelled according to the characteristics of homogeneous risk groups.
Dynamic behaviour of policyholders	In the event that policyholders are dissatisfied, 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 included 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 Calculating the risk margin (life and savings insurance calculations)

The risk margin is calculated according to the simplification method permitted by regulations.

2.1.4 Level of uncertainty associated with the value of technical provisions

The value of technical provisions is based on projections of future cash flows over a time horizon consistent with the duration of the contracts. These projections are based on models and assumptions established using the most recent data and statistics available for the entire portfolio. They aim to reflect the behaviour of policyholders as closely as possible but by their very nature contain a degree of uncertainty.

2.1.5 Description of technical provisions assigned

The technical reserves assigned correspond to the reinsurer's Best Estimate equal to the discounted value of the cash-flows paid by Sogécap to Sogelife net of the cost of reinsurance levied by Sogécap, and take into account the risk of default by Sogécap depending on its rating.

2.1.6 Impacts of long-term transitional measures adopted by Sogelife

Volatility adjustment

Among the transitional measures authorised 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 per currency, between the rate of return on assets included in a reference portfolio and the risk-free rate.

The following table shows the impact of using the volatility adjustment on technical provisions, own funds and capital requirements:

(In thousands of euros)	31 December 2021	
	Taking VA into account	Not taking VA into account
Solvency 2 technical provisions	14,473,953	14,481,372
Eligible own funds to cover the SCR	483,214	479,010
Capital eligible to cover the MCR	396,391	391,087
SCR	290,091	289,104
MCR	72,523	72,276

3 - OTHER LIABILITIES

(In thousands of euros)	31 December 2021			
	Economic value	Book value	Difference	Notes
Contingent liabilities	-	-	-	D.3.1.1
Provisions other than technical provisions	229	229	-	D.3.1.2
Pension Fund Obligations	2,241	855	1,386	D.3.1.3
Deferred Taxes-Liabilities	48,730	-	48,730	D.3.1.4
Derivative Liabilities	-	-	-	D.3.1.5
Debts with credit institutions	-	-	-	D.3.1.6
Financial liabilities other than with credit institutions	-	-	-	D.3.1.7
Debts with insurers and brokers	32,954	32,954	-	D.3.1.8
Debt with reinsurers	1	1	-	D.3.1.8
Accounts payable (non-insurers)	2,132	2,132	-	D.3.1.9
Subordinated debt	177,705	167,437	10,268	D.3.1.10
Other liabilities	5,733	5,733	-	D.3.1.11
Total Other Liabilities	269,725	209,340	60,385	

3.1 PRINCIPLES, METHODS AND MAIN ASSUMPTIONS USED FOR VALUATING OTHER LIABILITIES

3.1.1 Contingent liabilities

Significant contingent liabilities (Solvency 2 adopts the definition set out in IAS 37) must be recognised 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 an outflow of resources to extinguish them is greater than 50%.

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

Given the valuation methods used for the balance sheet, no restatement is made for the purposes of drawing up the economic balance sheet.

3.1.3 Pension benefits obligations

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

In the financial statements, the provision set aside 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 and is valued based on the present value of the commitment for future benefits (projected wages and social security contributions).

MATERIAL DIFFERENCES IN VALUATION	S2	BOOK
	€2,241 K	€855 K

In the financial statements, the provision set aside 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 €1,386 K.

3.1.4 Deferred tax liabilities

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

The rate used at the end of 2021 to determine deferred taxes is 24.94%, taking into account the tax reform approved by Parliament in December 2016. The rate in force as of 1 January 2021 remains in force on 1 January 2022.

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

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

[44]

MATERIAL DIFFERENCES IN VALUATION	S2	BOOK
	€48,730 K	-

All restatements related to the change in the economic value of assets and liabilities generated an overall impact of €48,730 K in deferred tax liabilities.

3.1.5 Derivative liabilities

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

3.1.6 Debts with credit institutions

These liabilities include current accounts receivable with credit institutions.

3.1.7 Financial liabilities other than with credit institutions

Sogelife has no financial liabilities other than with credit institutions.

3.1.8 Liabilities with insurers, brokers and reinsurers

Depending on their age, liabilities with insurers and brokers as well as liabilities with reinsurers valued at amortised cost in the balance sheet are valued in the Solvency 2 balance sheet at amortised cost (less than 1 year old), or by discounting future cash flows (more than 1 year old). The amount of debt with a maturity of more than one year is not significant and is therefore valued at amortised cost in the S2 balance sheet.

3.1.9 Accounts payable (non-insurers)

Depending on their age, accounts payables valued at amortised cost in the balance sheet are valued in the Solvency 2 balance sheet at amortised cost (less than 1 year old), or by discounting future cash flows (more than 1 year old). The amount of debt with a maturity of more than one year is not significant and is therefore valued at amortised cost in the S2 balance sheet.

3.1.10 Subordinated debts

Subordinated loans are valued in the Solvency 2 balance sheet at 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 core capital. Their valuation includes accrued interest debt.

(In thousands of euros)	Lender	Term	Amount at issue	S2 Valuation
19/05/2004	Société Générale Luxembourg	Indeterminate	6,750	6,379
31/07/2006	Société Générale Luxembourg	Indeterminate	2,250	2,242
29/05/2008	Société Générale Luxembourg	Indeterminate	6,000	6,115
29/05/2008	Société Générale Luxembourg	15 years	2,000	2,025
10/08/2009	Société Générale Luxembourg	Indeterminate	11,250	11,749
10/08/2009	Société Générale Luxembourg	15 years	3,750	3,842
30/12/2009	Société Générale Luxembourg	Indeterminate	3,750	3,826
31/12/2009	Société Générale Luxembourg	15 years	1,250	1,251
30/03/2010	Société Générale	Indeterminate	11,850	11,963
30/03/2010	Société Générale	15 years	3,950	3,943
30/09/2010	Société Générale	Indeterminate	11,250	11,353
30/09/2010	Société Générale	15 years	3,750	3,827
26/06/2013	Sogécap	Indeterminate	5,250	5,708
26/06/2013	Sogécap	15 years	1,750	2,322
23/12/2013	Sogécap	Indeterminate	5,250	7,773
23/12/2013	Sogécap	15 years	1,750	2,235
27/06/2014	Sogécap	Indeterminate	17,250	18,587
27/06/2014	Sogécap	15 years	5,750	7,147
23/12/2014	Sogécap	Indeterminate	13,500	14,033
23/12/2014	Sogécap	11 years	4,500	4,981
20/04/2020	Sogécap	10 years	42,000	48,045
Total			164,800	177,705

| 45 |

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 on the valuation of the economic balance sheet has been presented in the paragraphs above.

E - CAPITAL MANAGEMENT

1 - OWN FUNDS

Under Solvency 2, own funds are equal to the difference between balance sheet assets and liabilities valued according to Solvency 2 principles, plus subordinated loans and minus forecast dividends.

They are classified into four categories (“Tier”). 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, with Tier 1 corresponding to the best quality.

NB. Restricted Tier 1 (referred to as Tier 1 R.) corresponds to certain indefinite subordinated loans (pursuant to the grandfather clause).

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

1.1 OWN FUNDS MANAGEMENT POLICY

All processes and policies described in part B of this report contribute to managing risks that could have a significant impact on Sogelife’s solvency in view of its risk profile. In particular, the ORSA set up by Sogelife makes it possible to apprehend, over the long term, the impact of strategic orientations on its solvency and the evolution of this solvency according to the environment, especially as regards the financial markets.

Sogelife plans its activities within the framework of the budgetary exercise for a three-year horizon and can thus anticipate its needs for own funds in line with its growth ambitions. The company updates its forecasts annually.

1.2 STRUCTURE AND AMOUNTS OF AVAILABLE OWN FUNDS

S2 available own funds amounted to €483,214 K at the end of 2021, up by €1,953 K (+0.4%) compared to the end of 2020. The tables below detail the structure of own funds by nature and by Tier:

(In thousands of euros)	2021				
	Total	Tier 1	Tier 1 R.	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	232,791	232,791	-	-	-
Subordinated liabilities	177,705	-	98,086	79,618	-
S2 available own funds	483,214	305,509	98,086	79,618	-

(In thousands of euros)	2020				
	Total	Tier 1	Tier 1 R.	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	228,992	228,992	-	-	-
Subordinated liabilities	179,551	-	104,072	75,479	-
S2 available own funds	481,261	301,709	104,072	75,479	-

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

The fully called share capital amounted to €48,223 K at the end of 2021, unchanged from 2020. By its nature, share capital is naturally classified in Tier 1.

The reconciliation reserve reached €232,791 K at the end of 2021, up €3,799 K compared to 2020. The elements that make up the reserve meet the criteria for classification as unrestricted Tier 1. These are:

- Statutory reserves, net of dividends to be paid to the shareholder, for €86,092 K at the end of 2021, stable compared to 2020. These reserves correspond to retained earnings and the tax reserve.
- Future margins shown by the change in economic value of assets and liabilities, net of deferred taxes. These accounted for €146,699 K as at 31st December 2021 against €142,899 K at the end of 2020.

Subordinated loans, detailed in section D.3.1.10, amounted to €177,705 K and are classified as Tier 1 or Tier 2, depending on their characteristics:

- €98,086 K meets the criteria for Tier 1 classification: These are perpetual subordinated loans issued before the 19th January 2015 for an initial amount of €94,350 K. This debt benefits from the transitional measure regarding the classification of S2 own funds for 10 years (“grandfather clause”) authorising its classification as restricted Tier 1, as it was issued before the 19th January 2015 (publication date of the Delegated Acts).
- €79,618 K meets the criteria for classification as Tier 2: These are all subordinated fixed-term loans benefiting from the transitional equity measure.

1.3 RECONCILIATION OF OWN FUNDS FROM THE FINANCIAL STATEMENTS WITH 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) amounted to €334,009 K as at 31st December 2021. The table below shows a reconciliation between Sogelife’s book equity, the surplus of assets over Solvency 2 liabilities and the available S2 own funds:

(In thousands of euros)	2021	2020
Share capital and issue premiums	72,718	72,718
Other reserves, carry-forward and profit and loss for the year	114,631	112,092
Statutory own funds	187,349	184,810
Fair value adjustment of financial assets and liabilities	4,821	20,163
Economic valuation of technical liabilities	193,682	173,088
Annulment of intangibles	(3,112)	(2,871)
Net impact of deferred taxes	(48,730)	(47,481)
Excess of assets over liabilities	334,009	327,710
Subordinated loans	177,705	179,551
Dividends to be paid	28,500	26,000
S2 available own funds	483,214	481,261

1.4 ELEMENTS DEDUCTED FROM OWN FUNDS

Article 70 of Delegated Regulation 2015/35 requires the reconciliation reserve to be reduced by various items affecting the availability and transferability of own funds within the company. In the case of Sogelife, only dividend distributions are deducted from own funds. Thus, as at 31st December 2021, dividends to be distributed in respect of the 2021 profit and loss for an amount of €28,500 K are deducted.

1.5 ELIGIBLE OWN FUNDS TO COVER CAPITAL REQUIREMENTS

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 table below summarises the thresholds applicable per 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 ● Indeterminate subordinated loans (issued after 19/01/2015 and meeting certain conditions) 	>80%	>50%	
Restricted Tier 1	<ul style="list-style-type: none"> ● Indeterminate subordinated loans (grandfather clause) 	Max 20% of the Tier 1 total	Max 20% of the Tier 1 total	
Tier 2	<ul style="list-style-type: none"> ● Indeterminate subordinated loans (issued after 19/01/2015 and meeting certain conditions) ● Fixed-term subordinated loans (issued after 19/01/2015 and meeting certain conditions) ● Fixed-term subordinated loans (grandfather clause) 	<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 application of the limitation rules by Tier, amounted to €483,214 K at the end of 2021, for an SCR of €290,091 K (i.e. an SCR coverage rate of 167%).

The following tables show the impact of applying the limitation rules by Tier on available own funds at the end of 2021.

(In thousands of euros)	Total	2021			
		Tier 1	Tier 1 R.	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	232,791	232,791	-	-	-
Subordinated liabilities	177,705	-	76,377	101,328	-
Eligible S2 own funds/SCR	483,214	305,509	76,377	101,328	-

(In thousands of euros)	Total	2020			
		Tier 1	Tier 1 R.	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	228,992	228,992	-	-	-
Subordinated liabilities	179,551	-	75,427	104,124	-
Eligible S2 own funds/SCR	481,261	301,709	75,427	104,124	-

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

- In 2021, the surplus of restricted Tier 1 own funds (€21,709 K) was transferred to Tier 2, bringing the Tier 2 eligible own funds to cover the SCR to 35%. As at 31 December 2021, all available own funds were eligible for SCR coverage.

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 €396,627 K at the end of 2021, *i.e.* a MCR coverage rate of 547%.

The tables below show the impact of applying the limitation rules by Tier on available own funds at the end of 2021.

(In thousands of euros)	2021				
	Total	Tier 1	Tier 1 R.	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	232,791	232,791	-	-	-
Subordinated liabilities	90,882	-	76,377	14,505	-
Eligible S2 own funds/MCR	396,391	305,509	76,377	14,505	-

(In thousands of euros)	2020				
	Total	Tier 1	Tier 1 R.	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	228,992	228,992	-	-	-
Subordinated liabilities	86,917	-	75,427	11,490	-
Eligible S2 own funds/MCR	388,627	301,709	75,427	11,490	-

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

- In 2021, the surplus of restricted Tier 1 own funds (€21,709 K) was transferred to Tier 2. As 20% of the MCR can be covered by Tier 2 own funds, €86,823 K of Tier 2 own fund becomes ineligible to cover the MCR. Thus, Tier 2 own funds ultimately amounted to €14,505 K.

2 - CAPITAL REQUIREMENTS AND MINIMUM CAPITAL REQUIREMENTS

2.1 CAPITAL REQUIREMENTS AND COVERAGE RATIO

The following tables show the Solvency Capital Requirement and the Minimum Capital Requirement for 2021 and their respective coverage ratios by eligible S2 own funds:

Solvency Capital Requirement coverage ratios

(In thousands of euros)	2021	2020
S2 eligible own funds for SCR coverage	483,214	481,261
Solvency Capital Requirement	290,091	229,810
Solvency Capital Requirement Coverage Ratio	167%	209%

(In thousands of euros)	2021	2020
S2 eligible own funds for MCR coverage	396,391	388,627
Minimum Capital Requirement	72,523	57,452
Minimum Capital Requirement Coverage Ratio	547%	676%

Determined on the basis of the Solvency 2 balance sheet at 31 December 2021, Sogelife's SCR amounts to €290,091 K on that date. The SCR coverage ratio by S2 eligible own funds amounts to 167%.

The MCR amounted to €72,523 K at 31 December 2021.

After applying the limitation rules by Tier to cover the MCR, eligible capital amounted to €396,391 K as at 31 December 2021, *i.e.* a coverage rate of 547%.

2.2 DESCRIPTION OF PRINCIPLES FOR CALCULATING CAPITAL REQUIREMENTS

2.2.1 General framework

Under Solvency 2, the SCR represents the 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 according to a modular approach and consists of calculating the loss incurred in the event of an adverse event linked to some thirty risk factors. To take account of the low probability of all these events occurring simultaneously, 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 risk, representing risks impacting the market value of financial instruments (equities, interest rates, credit risk, real estate prices, exchange rates, etc.);
- Underwriting risks arising from uncertainty related to the measurement of the insurer's commitments in life, health and non-life;
- Counterparty risk, linked to the potential default of counterparties (notably reinsurance).

The corresponding capital charges are then aggregated using correlation matrices provided by the regulations to arrive at a Basic Capital Requirement (BCR). 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 distribute less profit-sharing than that estimated before the shocks (absorption capacity by the profit-sharing provision) and, on the other hand, 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) is the absolute minimum amount of capital to be held. The MCR is calculated from factorial formulas distinguishing between Life and Non-Life activities. It can be no less than 25% of the SCR nor can it exceed 45% of the SCR.

2.2.2 Methods and options for calculating the SCR

Sogelife uses the standard formula to calculate its capital requirement and considers that it is appropriate for its risk profile.

Sogelife specifically uses the methods and options presented in the following table and permitted by the regulations:

VOLATILITY ADJUSTMENT	The volatility adjustment is applied to the rate curve. As of 31/12/2021, it is set by EIOPA, its level is +0.03% (difference between the curve without a premium and the curve with premium), compared to +0.07% at the end of 2020.
CREDIT RISK ADJUSTMENT	The Credit Risk Adjustment is applied to the rate curve. As of 31/12/2021, it is set by EIOPA, its level is +0.10%, compared to -0.10% at the end of 2020.
EQUITY SHOCKS ADOPTED	The equity SCR is calculated by applying 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 economic balance sheet items, the rate of 24.94% is used. This rate is applied to the instantaneous loss (total SCR net of absorption).

2.2.3 General principles for calculating 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 MCR floor set at 3.7 million euros. Given Sogelife’s profile, the combined MCR is adopted.

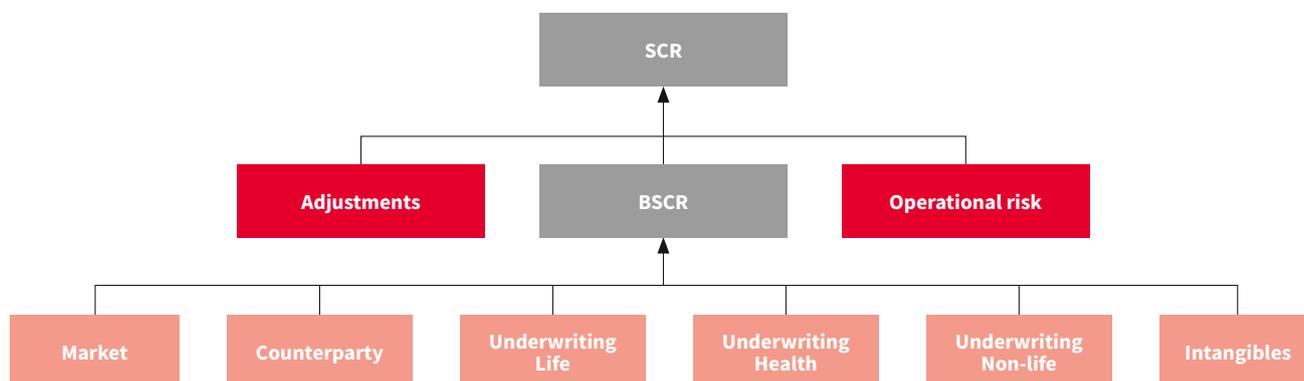
The MCR is obtained by applying factors (calibrated by EIOPA) to Best Estimates net of reinsurance per line of business as well as risky capital across all lines of business. The amount of MCR adopted can be no less than 25% of the SCR nor can it exceed 45% of the SCR.

2.3 SOLVENCY CAPITAL REQUIREMENT BY RISK MODULES

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

This breakdown highlights the main risks to which Sogelife is exposed in the course of its business, namely market risk and, to a lesser extent, life insurance underwriting risk. These risks have been described in detail in the Risk Profile section of this report.

The diagram below describes the SCR calculation structure 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.



The following table shows the breakdown of Sogelife's SCR by risk module at 31 December 2021.

(In thousands of euros)	2021	2020
Net Solvency Capital Requirements		
Market risk	254,155	199,490
Counterparty risk	7,296	7,753
Life underwriting risk	104,075	86,641
Health underwriting risk	-	-
Non-life underwriting risk	-	-
Intangible assets risk	-	-
Diversification	(65,506)	(54,898)
Basic Solvency Capital Requirements	300,020	238,985
Adjustment linked to ring-fenced funds		
Operational risk	38,802	38,305
Loss-absorbing capacity of deferred taxes	(48,730)	(47,481)
Solvency Capital Requirements	290,091	229,809

Given Sogelife's risk profile, the market SCR is the main source of capital requirements, representing €254,155 K at 31 December 2021.

The diversification benefit amounts to -€65,506 K and brings the BSCR to €300,020 K.

The life underwriting risk of €104,075K is mainly the risk on surrenders.

The increase in the SCR in 2021 is primarily due to the increase in amounts outstanding.

| 52 |

2.4 MINIMUM CAPITAL REQUIREMENT

The tables below detail Sogelife's MCR amounts at the end of 2021 calculated by applying the Combined MCR formula:

(In thousands of euros)	2021	2020
Linear Minimum Capital Requirement	44,852	33,091
Linear MCR - Life	44,852	33,091
Linear MCR - Non-life	-	-
25% floor of the SCR	72,523	57,452
45% ceiling of the SCR	130,541	103,414
Minimum Capital Requirement	72,523	57,452

3 - USING THE DURATION-BASED “EQUITY RISK” SUB-MODULE IN CALCULATING 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 on capital management has been presented in the paragraphs above.

APPENDIX

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

	N1	L17	L18	L19	L22	L23	L24
	Medical costs	Insurance with PB	Unit-linked contracts	Other life insurance contracts	Life reinsurance	Health insurance	Health reinsurance
Retirement Savings	Individual life insurance and capitalisation policies (<i>multi-support</i>)	x	x				
	Individual pension contracts (PERP and Madelin)						
	Group pension contracts						
	Reinsurance acceptances of US\$ Komerční Pojistovna commitments					x	
Personal Protection	Term life insurance						
	Individual Health Insurance						
	Funeral insurance						
	Long-term care insurance						
	Borrowers' insurance						
	Occupational Insurance Schemes						
	Collective Health Insurance						

ANNUAL QUANTITATIVE STATEMENTS

1. STATEMENT S.02.01.02 – SOLVENCY 2 BALANCE SHEET

Assets	Solvency II value	
		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred taxes – assets	R0040	-
Pension plan surplus	R0050	-
Property, plant and equipment held for own use	R0060	8,555
Investments (other than assets held for unit-linked and index-linked contracts)	R0070	525,410,799
Real estate (other than held for own use)	R0080	-
Holdings in affiliated undertakings, including participating interests	R0090	-
Equities	R0100	12,960
Equities – listed	R0110	12,960
Equities – unlisted	R0120	-
Bonds	R0130	431,696,888
Government bonds	R0140	259,140,604
Corporate bonds	R0150	157,305,201
Structured securities	R0160	15,251,083
Collateralised securities	R0170	-
Collective investment undertakings	R0180	25,935,260
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	67,765,692
Other investments	R0210	-
Assets held for unit-linked and index-linked contracts	R0220	6,389,965,656
Loans and mortgages	R0230	7,644,917
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	7,644,917
Amounts recoverable under reinsurance contracts	R0270	8,048,482,730
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 unit-linked and index-linked	R0310	8,048,482,730
Health similar to Life	R0320	-
Life excluding health and unit-linked and index-linked	R0330	8,048,482,730
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Receivables from insurance transactions and amounts receivable from intermediaries	R0360	-
Receivables from reinsurance transactions	R0370	7,941,679
Other receivables (excluding insurance)	R0380	2,291,140
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	95,281,552
Any other assets not mentioned in the items above	R0420	660,026
Total assets	R0500	15,077,687,054

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 unit-linked and index-linked)	R0600	8,067,980,016
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, unit-linked and index-linked)	R0650	8,067,980,016
Technical provisions calculated as a whole	R0660	-
Best estimate	R0670	8,006,100,039
Risk margin	R0680	61,879,977
Technical provisions – unit-linked and index-linked	R0690	6,405,973,305
Technical provisions calculated as a whole	R0700	-
Best estimate	R0710	6,383,548,780
Risk margin	R0720	22,424,525
Other technical provisions	R0730	
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	228,707
Provision benefit obligations	R0760	2,241,000
Reinsurers' deposits	R0770	-
Deferred tax liabilities	R0780	48,730,453
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Payables arising from insurance transactions and amounts due to intermediaries	R0820	32,954,050
Payables arising from reinsurance transactions	R0830	688
Other liabilities (excluding insurance)	R0840	2,132,165
Subordinated liabilities	R0850	177,704,773
Subordinated liabilities not included in Basic Own Funds	R0860	-
Subordinated liabilities included in Basic Own Funds	R0870	177,704,773
Any other liabilities not mentioned in the items	R0880	5,733,031
Total liabilities	R0900	14,743,678,189
Excess of assets over liabilities	R1000	334,008,865

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

Line of Business for: non-life insurance and reinsurance obligations
(direct business and accepted proportional reinsurance)

		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written								
Gross - Direct Business	R0110	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	-	-	-	-	-	-	-
Net	R0200	-	-	-	-	-	-	-
Premiums earned								
Gross - Direct Business	R0210	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	-	-	-	-	-	-	-
Net	R0300	-	-	-	-	-	-	-
Claims incurred								
Gross - Direct Business	R0310	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	-	-	-	-	-	-	-
Net	R0400	-	-	-	-	-	-	-
Changes in other technical provisions								
Gross - Direct Business	R0410	-	-	-	-	-	-	-
Gross - Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	-	-	-	-	-	-	-
Other expenses	R1200							
Total expenses	R1300							

2. STATEMENT S.05.01.02 – PREMIUMS, CLAIMS AND EXPENSES BY LINE OF BUSINESS (CONT.)

Line of Business for: life insurance obligations

		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance
		C0210	C0220	C0230	C0240
Premiums written					
Gross	R1410	-	848,744,570	1,398,458,825	-
Reinsurers' share	R1420	-	473,601,083	-	32,465
Net	R1500	-	375,143,487	1,398,458,825	-32,465
Premiums earned					
Gross	R1510	-	848,744,570	1,398,458,825	-
Reinsurers' share	R1520	-	473,601,083	-	32,465
Net	R1600	-	375,143,487	1,398,458,825	-32,465
Claims incurred					
Gross	R1610	-	517,828,432	257,838,382	-
Reinsurers' share	R1620	-	308,628,865	-	-
Net	R1700	-	209,199,567	257,838,382	-
Changes in other technical provisions					
Gross	R1710	-	192,141,160	1,694,518,383	449,729
Reinsurers' share	R1720	-	247,544,481	-	32,170
Net	R1800	-	-55,403,322	1,694,518,383	417,559
Expenses incurred					
	R1900	-	38,219,865	46,426,589	-
Other expenses					
	R2500				
Total expenses					
	R2600				

Line of Business for: life insurance obligations		Life reinsurance obligations		Total
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	
C0250	C0260	C0270	C0280	C0300
		-	1,488,851	2,248,692,246
		-	-	473,633,548
		-	1,488,851	1,775,058,698
		-	1,488,851	2,248,692,246
		-	-	473,633,548
		-	1,488,851	1,775,058,698
		-	1,833,288	777,500,102
		-	-	308,628,865
		-	1,833,288	468,871,237
		-	888,746	1,887,998,017
		-	-	247,576,652
		-	888,746	1,640,421,366
		-	477,768	85,124,221
				640,781
				85,765,003

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

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country	
		C0010	C0020	C0030	C0040	C0050		C0060
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	-						-
Gross - Proportional reinsurance accepted	R0120	-						-
Gross - Non-proportional reinsurance accepted	R0130	-						-
Reinsurers' share	R0140	-						-
Net	R0200	-						-
Premiums earned								
Gross - Direct Business	R0210	-						-
Gross - Proportional reinsurance accepted	R0220	-						-
Gross - Non-proportional reinsurance accepted	R0230	-						-
Reinsurers' share	R0240	-						-
Net	R0300	-						-
Claims incurred								
Gross - Direct Business	R0310	-						-
Gross - Proportional reinsurance accepted	R0320	-						-
Gross - Non-proportional reinsurance accepted	R0330	-						-
Reinsurers' share	R0340	-						-
Net	R0400	-						-
Changes in other technical provisions								
Gross - Direct Business	R0410	-						-
Gross - Proportional reinsurance accepted	R0420	-						-
Gross - Non- proportional reinsurance accepted	R0430	-						-
Reinsurers' share	R0440	-						-
Net	R0500	-						-
Expenses incurred	R0550	-						-
Other expenses	R1200							-
Total expenses	R1300							-

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		Italy	France	Monaco	Belgium	Spain	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	76,546,346	598,625,254	1,002,436,158	207,060,294	127,541,585	66,451,110	2,078,660,747
Reinsurers' share	R1420	473,633,548	-	-	-	-	-	473,633,548
Net	R1500	-397,087,202	598,625,254	1,002,436,158	207,060,294	127,541,585	66,451,110	1,605,027,199
Premiums earned								
Gross	R1510	76,546,346	598,625,254	1,002,436,158	207,060,294	127,541,585	66,451,110	2,078,660,747
Reinsurers' share	R1520	473,633,548	-	-	-	-	-	473,633,548
Net	R1600	-397,087,202	598,625,254	1,002,436,158	207,060,294	127,541,585	66,451,110	1,605,027,199
Claims incurred								
Gross	R1610	83,239,359	152,612,317	210,774,755	120,676,689	100,126,236	3,272,518	670,701,875
Reinsurers' share	R1620	308,628,865	-	-	-	-	-	308,628,865
Net	R1700	-225,389,506	152,612,317	210,774,755	120,676,689	100,126,236	3,272,518	362,073,010
Changes in other technical provisions								
Gross	R1710	-639,577	499,127,291	940,584,799	132,364,867	46,559,919	79,591,395	1,697,588,694
Reinsurers' share	R1720	247,576,652	-	-	-	-	-	247,576,652
Net	R1800	-248,216,228	499,127,291	940,584,799	132,364,867	46,559,919	79,591,395	1,450,012,043
Expenses incurred	R1900	10,364,875	15,212,996	31,323,604	9,482,071	5,099,112	1,155,557	72,638,214
Other expenses	R2500							640,781
Total expenses	R2600							73,278,995

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

		Index-linked and unit-linked insurance				Other life insurance		
		Insurance with profit-sharing		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
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	7,988,700,230		-	6,383,548,780		1,567,444	-
Total Recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	8,050,587,070		-	-		283,180	-
Best Estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	-59,499,321		-	6,383,548,780		1,284,264	-
Risk Margin	R0100	61,879,977	22,424,525			-		
Amount of the transitional deduction on Technical Provisions								
Technical Provisions calculated as a whole	R0110	-	-			-		
Best Estimate	R0120	-		-	-			-
Risk margin	R0130	-	-			-	-	
Technical provisions – Total	R0200	8,050,580,207	6,405,973,305			1,567,444		

Health insurance (direct business)

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)		Contracts without options or guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (accepted reinsurance)	Total (health similar to life insurance)
C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
-	-	-	-			-	-	-
-	-	-	-			-	-	-
-	15,832,365	14,389,648,819		-	-	-	-	-
-	-	8,050,870,250		-	-	-	-	-
-	15,832,365	6,341,166,089		-	-	-	-	-
-	-	84,304,502	-			-	-	-
-	-	-	-			-	-	-
-	-	-	-			-	-	-
-	-	-	-			-	-	-
-	15,832,365	14,473,953,321	-			-	-	-

5. STATEMENT S.22.01.02 - IMPACT OF MEASURES RELATING TO LONG-TERM GUARANTEES AND TRANSITIONAL MEASURES

		Amount with Long-Term Guarantee measure 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
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	14,473,953,321	-0	-	7,419,035	-
Basic own funds	R0020	483,213,639	0	-	-4,203,450	-
Eligible own funds to meet Solvency Capital Requirements	R0050	483,213,639	0	-	-4,203,450	-
Solvency Capital Requirement	R0090	290,091,487	-	-	-987,943	-
Eligible own funds to meet the Minimum Capital Requirement	R0100	396,390,656	0	-	-5,303,710	-
Minimum Capital Requirement	R0110	72,522,872	-	-	-246,986	-

6. STATEMENT S.23.01.01 – OWN FUNDS

		Total	Level 1 not restricted	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	232,791,106	232,791,106			
Subordinated liabilities	R0140	177,704,773		98,086,360	79,618,414	-
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 included in 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 included in 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	483,213,639	305,508,865	98,086,360	79,618,414	-
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 to and pay for subordinated liabilities on demand	R0330	-			-	-
Letters of credit and guarantees under Article 96 paragraph 2 of the Directive 2009/138/EC	R0340	-			-	
Letters of credit and guarantees other than under Article 96 paragraph 2 of the Directive 2009/138/EC) of the Directive 2009/138/EC	R0350	-			-	-
Supplementary members calls under Article 96 paragraph 3 of the Directive 2009/138/EC	R0360	-			-	
Supplementary members – other than under Article 96 paragraph 3 of the Directive 2009/138/EC	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 own funds						
Total available own funds to meet the SCR	R0500	483,213,639	305,508,865	98,086,360	79,618,414	-
Total available own funds to meet the MCR	R0510	483,213,639	305,508,865	98,086,360	79,618,414	
Total eligible own funds to meet the SCR	R0540	483,213,639	305,508,865	76,377,216	101,327,557	-
Total eligible own funds to meet the MCR	R0550	396,390,656	305,508,865	76,377,216	14,504,574	
SCR	R0580	290,091,487				
MCR	R0600	72,522,872				
Ratio of eligible own funds to SCR	R0620	167%				
Ratio of eligible own funds to MCR	R0640	547%				
		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	334,008,865				
Own shares (held directly and indirectly)	R0710	-				
Foreseeable dividends, distributions and charges	R0720	28,500,000				
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	232,791,106				
Expected profits						
Expected profits included in future premiums (EP-IFP) – Life business	R0770	-				
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	-				
Total expected profits included in future premi-ums (EPIFP)	R0790	-				

7. STATEMENT S.25.01.01 - SOLVENCY CAPITAL REQUIREMENT FOR UNDERTAKINGS USING THE STANDARD FORMULA

		Gross Solvency Capital Requirement	PPE	Simplifications
		C0110	C0090	C0180
Market risk	R0010	683,928,790		
Counterparty default risk	R0020	7,295,698		
Life underwriting risk	R0030	304,672,520		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	-		
Diversification	R0060	-178,320,966		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	817,576,042		
Calculation of Solvency Capital Requirement				
Operational risk	R0130	38,801,600		
Loss-absorbing capacity of technical provisions	R0140	-517,555,702		
Deferred tax loss absorption capacity	R0150	-48,730,453		
Capital requirement for business operated in accordance with Article 4 of Directive 2003/41/EC	R0160	-		
Solvency Capital Requirement excluding the supplementary capital requirement	R0200	290,091,487		
Additional capital requirements already defined	R0210	-		
Solvency Capital Requirement	R0220	290,091,487		
Further information on SCR				
Capital requirement for duration-based equity risk sub-module	R0400	-		
Total notional Solvency Capital Requirement for the remaining part	R0410	338,598,857		
Total notional Solvency Capital Requirement for ring-fenced funds	R0420	-		
Total notional Solvency Capital Requirement for matching adjustment portfolios	R0430	-		
Diversification effects due to RFF nSCRs aggregation under Article 304	R0440	-		
			C0109	
Average tax rate approach	R0590			
			C0130	
Absorption capacity of the ID	R0640	-48,730,453		
LAC ID - IDP reversion	R0650	-48,730,453		
LAC ID - future taxable margins	R0660	0		
LAC ID carry back for the year	R0670	0		
LAC ID carry back of future years	R0680	0		
Maximum LAC ID	R0690	-48,730,453		

8. STATEMENT S.28.01.01 – MINIMUM CAPITAL REQUIREMENT (MCR) – LIFE INSURANCE OR REINSURANCE ACTIVITY ONLY

MCR _{NE} Result	C0010		Best estimate and TP, Net (of reinsurance/SPV) calculated as a whole	Premiums written during the last 12 months (net of reinsurance)
	R0010	-		
			C0020	C0030
Medical expense insurance and related pro-portional reinsurance	R0020	-	-	-
Income protection insurance, including related proportional reinsurance	R0030	-	-	-
Workers' compensation insurance and related proportional reinsurance	R0040	-	-	-
Motor vehicle civil liability insurance and related proportional reinsurance	R0050	-	-	-
Other motor vehicle insurance and related proportional reinsurance	R0060	-	-	-
Marine, aviation and transportation insurance and related proportional reinsurance	R0070	-	-	-
Fire and other property insurance and related proportional reinsurance	R0080	-	-	-
General civil liability insurance and related proportional reinsurance	R0090	-	-	-
Credit and surety insurance and related pro-portional reinsurance	R0100	-	-	-
Legal protection insurance and related pro-portional reinsurance	R0110	-	-	-
Assistance insurance and related proportional reinsurance	R0120	-	-	-
Miscellaneous pecuniary loss insurance and related proportional reinsurance	R0130	-	-	-
Health reinsurance, non-proportional	R0140	-	-	-
Accident reinsurance, non-proportional	R0150	-	-	-
Marine, aviation, and transportation reinsurance, non-proportional	R0160	-	-	-
Property reinsurance, non-proportional	R0170	-	-	-

Linear formula component for life insurance and reinsurance obligations

MCR _L Result	C0040		Best estimate and TP, Net (of reinsurance/SPV) calculated as a whole	Net (of reinsurance/SPV) total capital at risk
	R0200	44,852,311		
			C0050	C0060
Obligations with profit-sharing - Guaranteed benefits	R0210	-	-	
Obligations with profit-sharing – Services	R0220	-	-	
Index-link and unit-linked insurance obligations	R0230	6,383,548,780		
Other life (re)insurance and health (re)insurance obligations	R0240	1,284,264		
Total capital at risk for all life (re)insurance obligations	R0250			200,714,827

Overall MCR calculation

	C0070		
Linear MCR	R0300	44,852,311	
SCR	R0310	290,091,487	
MCR cap	R0320	130,541,169	
MCR floor	R0330	72,522,872	
Combined MCR	R0340	72,522,872	
Absolute floor of the MCR	R0350	3,700,000	
			C0070
Minimum capital requirement	R0400	72,522,872	

SOGELIFE

HEAD OFFICE: 11 avenue Émile Reuter - L-2420 Luxembourg

Photo credits: Shutterstock.

Printing: this document was produced in France by Imprimerie Sprint,
Imprim'Vert certified and on paper from sustainably managed forests.

JOIN US ON

www.sogelife.com

