

SOGELIFE

# ANNUAL REPORT 2015



BUILDING TEAM SPIRIT  
TOGETHER

ANNUAL REPORT  
2015

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# SOGELIFE



# PROFILE, KEY FIGURES AND ORGANISATION OF SOGELIFE

## SOGELIFE PROFILE

SOGELIFE is a subsidiary of SOGECAP - the Société Générale group Life Insurer in France - and Société Générale Bank & Trust in Luxembourg - the principal Société Générale Group international Private Banking, Investment Custody and Fund Management business unit.

SOGELIFE has been established as a Life Insurer in the Grand Duchy of Luxembourg since 1996 and is authorised to trade in most European countries on a Freedom of Services basis. It is reputed for its expertise and know-how and markets a number of Life Insurance products primarily for high net worth clients, mainly through the group's international private banking network and also via third parties.

SOGELIFE is internationally oriented and offers its partners and clients customised wealth management services.

Luxembourg's outstanding political, economic and social stability over the years has earned it the trust of international clients seeking dynamic and rigorous management of their assets.

For many years SOGELIFE has been one of the leading Luxembourg life insurers.

## SOGELIFE KEY FIGURES

	2015	2014
<b>(IN M€)</b>		
Premium income	1,024	2,402
Mathematical reserves	8,577	8,078
In-force policies	7,837	8,083
Solvency margin	109.9%	109.1%
Shareholders' equity	271.5	272.3
Net profit	22.2	17.2
Employees	87	81

# BOARD OF DIRECTORS, SOGELIFE CORPORATE GOVERNANCE

AS AT 26 APRIL 2016

## BOARD OF DIRECTORS

CHAIRMAN

**Marc DUVAL**

CHIEF EXECUTIVE OFFICER

**Jean ELIA**

DIRECTORS

**Martine LASSEGUES**

**Bruno LEBRE**

**Pascal BIED-CHARRETON**

**Daniel JOST**

**SOGECAP S.A. représentée par  
Philippe PERRET**

**SOCIETE GENERALE BANK &  
TRUST représentée par  
Véronique DE-LA-BACHELERIE**

## GENERAL MANAGEMENT

GENERAL MANAGER

**Jean ELIA**

## AUDITORS

**ERNST & YOUNG SA**

35E, avenue John F. Kennedy  
L-1855 Luxembourg

# REPORT

## of the Board of Directors



# REPORT

## OF THE BOARD OF DIRECTORS

TO THE ORDINARY GENERAL MEETING OF APRIL 26<sup>TH</sup> 2016

Dear Shareholders,

It is with pleasure that we present you with an account of SOGELIFE S.A. trading during the year ended 31 December 2015 and hereby submit the income statement and balance sheet for your approval.

### ECONOMIC ENVIRONMENT

While US stock markets posted slightly negative performances in 2015 (S&P 500 -0.73% in 2015 compared to +11.39% in 2014), the main European indices ended the year on an upward turn with +8.53% for the CAC 40 in France and +9.56% for the DAX in Germany. In Asia, the stock markets were extremely volatile during the summer of 2015, which meant central bank intervention was necessary to support exchange rates and limit the extent to which these stress scenarios spread to the wider economy. Some signs of recovery did indeed begin to appear towards the end of the year.

Despite a very slight upturn in the main European bond yields in 2015, interest rates remained extremely low. The main 10-year rates remained under 1% at 0.99% for France and 0.63% for Germany.

In December 2015, the United States FED announced a first increase in interest rates since 2006 to 0.50%. The US 10-year rate moved to 2.27% at year-end 2015 and the FED was able to continue raising its guide rates gradually in 2016.

2015 was also marked by the fall in oil prices (Brent -34.97%). This decrease weighed on investment in the energy sector but sustained household consumption.

### 2015 BUSINESS REPORT

2015 saw a 10.78% decline in premium income industry-wide. This reduction was the result of a decrease of 41.86% in premiums paid into guaranteed return products offset by an increase of 16.47% in premium income from unit-linked life insurance products. Sogelife reflected this trend with a drop in income from guaranteed yield products of 67% in 2015 and an increase of 10% in unit-linked funds. After the exceptional year 2014 where income was EUR 2.4 billion, this fall in income has led to a concerted re-orientation of the business mix towards unit-linking in terms of production and in-force business. Thus Sogelife ended 2015 with premium collection of EUR 1 billion, but with net new business fully realised in units of account.

The company's solvency margin remained sufficient in terms of business transacted without needing any reinforcement measures.

- Share capital stood at EUR 48,222,846 held by SOGECAP (60.10%) and SGBT (39.90%).
- Subordinated loans remained at EUR 125,800,800. There was no change in 2015.

### INCOME STATEMENTS

2015 premium income before reinsurance amounted to EUR 1,023,923,220 up from EUR 2,402,181,017 in 2014. Around 47% was earned with non-Group customers testifying to the trust and interest in our products by several reputable financial institutions.

2015 investment income including underlying financial income and capital gains – largely comprising sale of assets backing unit-linked policyholder liabilities, amounted to EUR 199,231,344 up from EUR 121,343,680 in 2014.

Changes in our technical liabilities net of reinsurance in 2015 resulted in a technical reserve charge of EUR 259,187,649 (compared to a EUR 312,176,402 charge in 2014) to which should be added EUR 100,076,751 profit sharing (down from EUR 82,554,743 in 2014).

Operating expenses are apportioned by usage in accordance with current accounting principles. An analysis by type reveals that

# REPORT

## OF THE BOARD OF DIRECTORS

TO THE ORDINARY GENERAL MEETING OF 26 APRIL 2016

commission paid to business producers amounted to EUR 23,954,495 (compared to EUR 20,551,500 in 2014) and that general expenses amounted to EUR 12,389,796 (against EUR 10,330,587 in 2014).

Taking into account all income and expenses, the technical account produced a surplus of EUR 32,781,493 entirely derived from insurance business, against a surplus of EUR 24,525,572 in 2014.

After non-technical earnings, which mainly consist of net unallocated investment income (- EUR 1,546,031) and corporation tax (- EUR 9,054,909), 2015 confirms a high level of profit of EUR 22,180,578.

### PROPOSED EARNINGS DISTRIBUTION

We propose apportioning 2015 earnings of EUR 22,180,578 as follows:

- EUR 938,479 to the statutory reserve (making a total balance of EUR 4,822,285)
- EUR 4,146,475 to the undistributable reserve (making a total balance of EUR 18,958,075)
- EUR 15,000,000 in the form of dividend to our shareholders
- EUR 2,095,624 to the carried forward account (making a total balance of EUR 49,212,006)

It should be noted that the portion of earnings allocated to the «undistributable reserve» reduces the net wealth tax charge [IF - impôt sur la fortune] provided it is at least 5 times the amount of IF due (EUR 829,295 x 5 for 2015) and remains undistributable for 5 years.

Furthermore, we propose to transfer the undistributable reserve amounts that date from over 5 years to retained earnings. This results in a transfer of EUR 2,746,725, which corresponds to the amount credited for 2009.

Finally, after the publication of the circular "I. Fort. No. 47 bis" of 19 November 2015, an additional allocation to the unavailable reserve is permitted in order to continue to benefit from a reduction in wealth tax for 2014. This allocation amounted to EUR 1,168,000 financed by debiting the balance carried forward.

After this transfer the balance in the «undistributable reserve» is now EUR 17,379,350 and retained earnings amount to EUR 50,790,731.

Consequently, shareholders' equity and subordinated liabilities of the company now total EUR 271,510,124, which represents 1.124 times the regulatory solvency margin that for 2015 stood at EUR 241,653,066.

### BALANCE SHEET

The resulting balance sheet total amounts to EUR 9,124,601,935 against EUR 8,555,526,963 for the previous year.

The market value of the company's assets under management by SOGELIFE amounted to EUR 2,314,642,809 in 2015 against EUR 1,951,752,876 in 2014. The proportion of assets invested in UCITS, and in bonds and other negotiable debt securities remained stable in relation to previous years. The ratio was 53% and 47% (compared to 53% and 47% in 2014).

### OUTLOOK

In 2016, the business mix consisting of new premiums and existing business will continue to be slanted towards units of account. In order to achieve this, SOGELIFE intends pursuing the development of its business model with its private banking partners. This approach is mainly centred on customer needs and satisfaction. It means offering innovative and attractive products. The company is also pursuing its programme of optimising business handling processes and strengthening risk management based on the development of its human capital.

# REPORT

## OF THE BOARD OF DIRECTORS

TO THE ORDINARY GENERAL MEETING OF 26 APRIL 2016

### **RISK ANALYSIS**

In compliance with current legislation, the Company has undertaken an analysis of the main risks to which it is exposed. This analysis is included as an appendix to this report.

### **MISCELLANEOUS**

In 2015 the Company incurred no research and development expenditure and did not purchase or hold any treasury shares.

The company has no branch offices.

No events occurred after the balance sheet date that would require to be reported.

In 2015, SOGELIFE made no use of any derivative financial instruments in the management of its own funds and in its investment strategy for its internal USD-denominated guaranteed yield fund.

We would like to thank all of our business producers and policyholders for their confidence as well as all SOGELIFE staff for their commitment and devotion to the success of the company.

We would recommend you vote in favour of this report and approve the income statement and balance sheet for the year ended 31 December 2015 as presented herein, approve the proposed earnings appropriation and approve the action of the Board of Directors and that of the auditors.

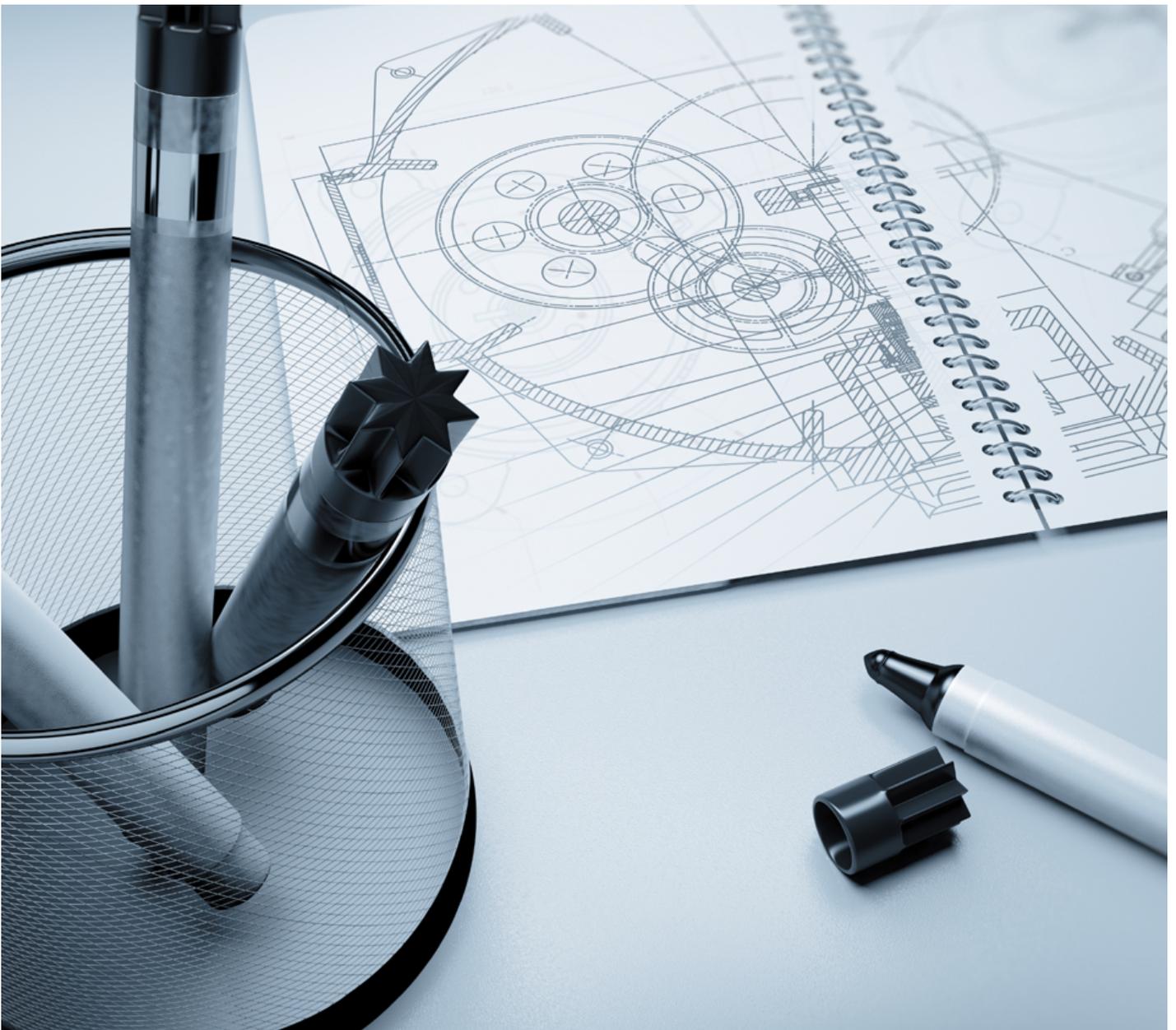
Luxembourg, 26 April 2016

Marc Duval  
Chairman of the Board of Directors

# SOGELIFE

## Risk analysis

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# SOGELIFE

## RISK ANALYSIS

AS AT 31 DECEMBER 2015

### Introductory remarks:

SOGELIFE has undertaken mapping of its main risks and this shows 54 potential risks facing the Company. A reference framework of risks, divided into 10 categories, has been compiled by ASSU. The most recent review of this risk map brought out 5 risks with a major impact.

For all the risks identified, action plans have been defined (especially the reinforcement of checks and procedures) and implemented. This systems reinforcement continued during 2015 and will be completed in 2016 by updated risk mapping in order to ensure dynamic and reactive risk management.

### 1. OPERATING RISKS (category 7.)

Operating risks represent the majority of risks identified in the risk mapping carried out by the Company. Arrangements for detecting operational losses are in place within Société Générale group and this enables action plans to be followed if an operational loss is revealed.

### 2. MARKET RISKS (category 1.)

Exposure to market risk is low since 76% of assets are reinsured to SOGECAP, 22% of assets are assumed by policyholders in Unit-Linked and the remaining 2% are controlled by SOGECAP based on ALM studies and asset spread monitoring.

Asset liability mismatch is monitored and corrected monthly.

A strict procedure for monitoring the eligibility of external funds is currently in force. Its aim is to ensure the admissibility of these unit-linked funds for life insurance and savings policies.

Analyses of technical results carried out monthly enable us to identify any financial gains and losses and rectify them where necessary.

### 3. EMERGING AND EXTERNAL RISKS (category 9.)

Regulatory and legislation risks (i.e. risks resulting from introduction and application of new laws or regulations)

The Company's legal affairs department is in constant contact with the group's Legal and Taxation Division. It keeps in touch with developments through the usual media (press, Internet, seminars, etc.) but also through special committees at the Luxembourg Insurance Company Association.

Since the last risk mapping, a total of 1 FTE has joined our legal organisation. The legal affairs department also uses lawyers specialising in the markets on which SOGELIFE operates so as to guarantee compliance of the Company's products and trading activity.

Ongoing surveillance enables Sogelife to react rapidly and cope with numerous regulatory changes affecting the European and global insurance industry (e.g. Solvency 2, EMIR, FATCA, PRIIPS, etc.) plus other changes in local Luxembourg regulations.

### 4. STRATEGIC AND GOVERNANCE RISKS (category 8.)

There are few strategic and governance risks in view of strong governance procedures introduced by the principal shareholder. Company directors regularly participate in various committees including: Board meetings (twice a year), risk and finance committee, regular budget update meetings and audit committee meetings, etc.

Furthermore, the Company has put in place a project management procedure that complies with the group's current standards. Projects involving regulatory issues are also managed and supervised by SOGECAP. The Solvency 2 project - the key objective of which is to improve governance - is indeed managed and supervised by SOGECAP.

# APPENDIX 1:

## RISK ANALYSIS

### SOLVENCY II, PILLAR I

#### 1. Market risk

- 1.1 Interest rate risk ( $MKT_{int}$ )
  - 1.1.1 due to rise in interest rates
  - 1.1.2 due to fall in interest rates
- 1.2 Equity risk ( $MKT_{eq}$ )
  - 1.2.1 Listed equities risk
  - 1.2.1 Other investment risks (unlisted equities, commodities, alternative investments, etc.)
- 1.3 Property risk ( $MKT_{prop}$ )
- 1.4 Forex risk ( $MKT_{fx}$ )
- 1.5 Risks arising from issuer spread / credit rating - ( $MKT_{sp}$ )
- 1.6 Concentration risk - asset type, signature risks - ( $MKT_{conc}$ )
- 1.7 Liquidity risk - ( $MKT_{liq}$ )

#### 2. Default risk

- 2.1 Depository default risk
- 2.2 Counterparty default risk
- 2.3 Reinsurer default risk
- 2.4 Derivative product supplier default risk

#### 3. Intangible asset risk

- 3.1 Goodwill risk due to market performance
- 3.2 Goodwill risk due to internal factors

#### 4. Life underwriting risk

- 4.1 Mortality risk ( $Life_{mort}$ )
- 4.2 Longevity risk ( $Life_{long}$ )
- 4.3 Lapse risk ( $Life_{lapse}$ )
- 4.4 Annuity indexation risk ( $Life_{lapse}$ )
- 4.5 Morbidity risk / disablement risk ( $Life_{dis}$ )
- 4.6. Administrative expenses risk / administrative / fixed expenses ( $Life_{exp}$ )
- 4.7 Climate, economic (inflation), terrorist, technology, pandemic catastrophe risk ( $Life_{cat}$ )

#### 5. Non-life underwriting risk

- 5.1 Premium and reserve risks ( $NI_{pr}$ )
  - 5.1.1 Premium risk (rating)
  - 5.1.2 Reserve risk (reserving)
  - 5.1.3 Administrative expenses risk
- 5.2 Catastrophe risk ( $NI_{cat}$ )
- 5.3 Lapse risk ( $NI_{lapse}$ )

#### 6. Health underwriting risk

- 6.1 SLT health underwriting risk
  - 6.1.1 Mortality risk ( $Health_{mort}^{SLT}$ )
  - 6.1.2 Longevity risk ( $Health_{long}^{SLT}$ )
  - 6.1.3 Morbidity risk / disablement risk ( $Health_{dis}^{SLT}$ )
  - 6.1.4 Lapse risk ( $Health_{lapse}^{SLT}$ )
  - 6.1.5 Administrative expenses risk / administrative / fixed expenses ( $Health_{exp}^{SLT}$ )
  - 6.1.6 Annuity indexation risk ( $Health_{rev}^{SLT}$ )
- 6.2 Non-SLT health underwriting risk
  - 6.2.1 Premium and reserve risk ( $Health_{pr}^{NonSLT}$ )
    - 6.2.1.1 Premium risk (tarification)
    - 6.2.1.2 Reserve risk (reserving)
    - 6.2.1.3 Administrative expenses risk
  - 6.2.2 Lapse risk ( $Health_{lapse}^{NonSLT}$ )
- 6.3 Catastrophe risk ( $Health_{cat}$ )

#### 7. Operational risk

- 7.1 Commercial dispute risk
- 7.2 Risk of disputes with authorities
- 7.3 Pricing or risk evaluation error
- 7.4 Execution error risk
- 7.5 Risk of fraud and other criminal activity
- 7.6 Rogue trading risk
- 7.7 Risk of loss of business facilities
- 7.8 Risk of failure of IT systems

# APPENDIX 1:

## RISK ANALYSIS

41 SOGECAP GROUP RISKS

### OTHER RISKS

#### **8. Strategic and governance risks**

**8.1** Inadequate strategy choices

**8.2** Inadequate management and implementation of strategic decisions

**8.3** Inadequate governance and supervision (e.g. inadequate organisation of responsibilities, etc.)

#### **9. Emerging and external risks**

**9.1** Political and economic risk (country risk, etc.)

**9.2** Regulatory and legislation risks (risks resulting from introduction and application of new laws or regulations)

**9.3** Risk of market participants (e.g. competitors, reinsurers, coinsurers, partners, etc.)

#### **10. Reputation risk**

**10.1** Image risk (internal factors)

**10.2** Image risk (external factors)

# FINANCIAL STATEMENTS



# REPORT

## BY CERTIFIED COMPANY AUDITORS

To the shareholders of SOGELIFE S.A.

### REPORT ON THE FINANCIAL STATEMENTS

In accordance with the engagement entrusted by the 30 April 2015 Shareholders' General Meeting, we have performed an audit of the attached financial statements of SOGELIFE S.A., comprising the balance sheet as at 31 December 2015 as well as the income statement for the year then ended, a summary of accounting principles applied and other disclosures.

#### Responsibility of the Board of Directors in drawing up and presenting the financial statements

In accordance with current statutory and regulatory provisions applying to the drawing up and presentation of financial statements in Luxembourg, the Board of Directors is responsible for drawing up financial statements that provide a true and fair view. The Board is also responsible for internal controls that it deems necessary to ensure the financial statements are free from material misstatements whether from fraud or error.

#### Responsibility of the certified auditors

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Audit Standards as adopted in Luxembourg by the Financial Services Industry Supervisory Committee. These standards require us to abide by rules of ethics and to plan and conduct an audit so as to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit entails applying procedures to gather evidence underlying the amounts and disclosures in the financial statements. The certified auditors decide on procedures to perform including any assessment of the risk that the financial statements contain any material misstatements whether from fraud or error. In forming their opinion, the auditors take into account internal controls covering the preparation and presentation of true and fair financial statements so as to establish audit procedures as appropriate for each account, rather than to express an opinion on the efficacy of the company's internal controls.

An audit also involves assessing whether the accounting principles are appropriate and whether accounting estimates made by the Board of Directors are reasonable, as well as assessing the overall presentation of the financial statements.

We believe that the evidence we have gathered is sufficient and appropriate as a basis for our opinion.

#### Opinion

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial situation of SOGELIFE S.A. as at 31 December 2015 as well as the results for the year then ended, in accordance with current legal and regulatory rules for drawing up and presenting annual financial statements in Luxembourg.

### REPORT ON OTHER LEGAL OR REGULATORY OBLIGATIONS

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements.

ERNST & YOUNG S.A.  
Certified auditors

Jean-Michel PACAUD

Luxembourg, 26 April 2016

# BALANCE SHEET

AS AT 31 DECEMBER 2015 AND 2014

<b>ASSETS</b>	Notes	<b>2015</b> EUR	<b>2014</b> EUR
INTANGIBLE ASSETS	3	886,847	561,438
<b>INVESTMENTS</b>			
<b>OTHER INVESTMENTS</b>			
Equities and other variable interest securities and shares in mutual funds (FCPs)	4	3,483,785	2,670,879
Bonds and other fixed interest securities	5	340,240,791	314,775,751
		<b>343,724,576</b>	317,446,630
INVESTMENTS HELD ON BEHALF OF LIFE INSURANCE POLICYHOLDERS WHERE THE RISK IS BORNE BY THEM		1,956,412,134	1,614,976,166
<b>REINSURERS' SHARE IN TECHNICAL RESERVES</b>			
Life insurance reserves	8	6,452,614,773	6,311,387,536
Outstanding claims reserves		33,634,509	11,950,826
Profit-sharing provision		196,249,271	158,748,150
		<b>6,682,498,553</b>	6,482,086,512
<b>RECEIVABLES</b>			
Insurance business receivables from insurance intermediaries		8,125,533	589,027
Reinsurance business receivables	8	15,784,500	17,559,052
Other receivables	8	739,302	838,520
		<b>24,649,335</b>	18,986,599
<b>OTHER ASSETS</b>			
Tangible assets	3	453,552	524,683
Cash at bank and on hand	8	111,001,137	115,660,352
		<b>111,454,689</b>	116,185,035
<b>ACCRUAL ACCOUNTS</b>			
Accrued interest	8	4,827,584	4,880,090
Deferred acquisition costs		126,675	382,950
Accrued income		21,542	21,543
		<b>4,975,801</b>	5,284,583
<b>TOTAL ASSETS</b>		<b>9,124,601,935</b>	8,555,526,963

The notes are to be found under Notes to the Financial Statements.

# BALANCE SHEET

AS AT 31 DECEMBER 2015 AND 2014

<b>LIABILITIES AND EQUITY</b>	Notes	<b>2015</b> EUR	<b>2014</b> EUR
<b>SHAREHOLDERS' EQUITY</b>	6		
Issued share capital		48,222,846	48,222,846
Share premium account		24,494,913	24,494,913
Statutory reserve		3,883,806	3,022,286
Special reserve		14,811,600	12,744,500
Retained earnings		47,116,382	40,814,604
Profit/(loss) for the year		22,180,578	17,230,398
		<b>160,710,125</b>	146,529,547
<b>SUBORDINATED LIABILITIES</b>	7, 8	125,800,000	125,800,000
<b>TECHNICAL RESERVES</b>			
Life insurance reserves		6,620,370,203	6,462,524,422
Outstanding claims reserves		38,992,423	14,929,239
Profit-sharing and rebate provision		201,453,362	162,742,352
		<b>6,860,815,988</b>	6,640,196,013
<b>LIFE INSURANCE TECHNICAL RESERVES WHERE THE RISK IS BORNE BY THE POLI- CYHOLDER</b>		1,956,412,134	1,614,976,166
<b>PROVISIONS FOR OTHER RISKS AND CHARGES</b>			
Provisions for pensions and similar obligations		511,969	490,386
Other provisions		1,614,150	1,394,676
		<b>2,126,119</b>	1,885,062
<b>PAYABLES</b>			
Direct insurance business payables	8	9,418,615	15,750,308
Reinsurance business payables		552	123,521
Other payables including tax payables	8	6,010,421	8,077,443
		<b>15,429,588</b>	23,951,272
<b>ACCRUAL ACCOUNTS</b>		3,307,982	2,188,903
<b>TOTAL LIABILITIES</b>		<b>9,124,601,935</b>	8,555,526,963

The notes are to be found under Notes to the Financial Statements.

# INCOME STATEMENT

AS AT 31 DECEMBER 2015 AND 2014

<b>LIFE INSURANCE TECHNICAL ACCOUNT</b>		<b>2015</b>	<b>2014</b>
	Notes	EUR	EUR
<b>EARNED PREMIUMS, NET OF REINSURANCE</b>			
Gross written premiums	9	1,023,923,220	2,402,181,017
Premiums ceded to reinsurers	11	(581,201,443)	(1,984,246,127)
		<b>442,721,777</b>	417,934,890
<b>INVESTMENT INCOME</b>			
<b>OTHER INVESTMENT INCOME</b>			
Other investment income	11	112,044,319	87,185,330
Gains on sale of investments		87,187,025	34,158,350
		<b>199,231,344</b>	121,343,680
<b>UNREALISED INVESTMENT GAINS</b>			
		92,321,635	78,588,284
<b>OTHER TECHNICAL INCOME, NET OF REINSURANCE</b>			
	14	4,462	-
<b>CLAIMS INCURRED, NET OF REINSURANCE</b>			
<b>AMOUNTS PAID</b>			
Gross		(675,131,646)	(750,831,257)
Reinsurers' share	11	541,958,015	650,510,828
		<b>(133,173,631)</b>	(100,320,429)
<b>CHANGE IN OUTSTANDING CLAIMS RESERVE</b>			
Gross		(24,063,185)	(6,909,987)
Reinsurers' share	11	21,683,683	3,779,524
		<b>(2,379,502)</b>	(3,130,463)
		<b>(135,553,133)</b>	(103,450,892)
<b>CHANGE IN OTHER TECHNICAL RESERVES, NET OF REINSURANCE</b>			
<b>LIFE INSURANCE RESERVES</b>			
Gross		(499,281,749)	(1,858,917,047)
Reinsurers' share	11	178,728,358	1,492,806,205
		<b>(320,553,391)</b>	(366,110,842)
<b>OTHER TECHNICAL RESERVES, NET OF REINSURANCE</b>			
		61,365,742	53,934,440
		<b>(259,187,649)</b>	(312,176,402)
<b>PROFIT SHARING AND REBATES, NET OF REINSURANCE</b>			
		(100,076,751)	(82,554,743)
<b>NET OPERATING EXPENSES</b>			
Acquisition costs	10	(1,881,028)	(3,100,815)
Change in deferred acquisition costs		(256,276)	(565,136)

The notes are to be found under Notes to the Financial Statements.

# INCOME STATEMENT

AS AT 31 DECEMBER 2015 AND 2014

<b>LIFE INSURANCE TECHNICAL ACCOUNT (CONTINUED)</b>	Notes	<b>2015</b> EUR	<b>2014</b> EUR
<b>NET OPERATING EXPENSES (CONTINUED)</b>			
Administration expenses	10	(32,559,609)	(26,274,250)
Commission paid to reinsurers	11	(6,402,538)	(5,541,346)
		<b>(41,099,451)</b>	(35,481,547)
<b>INVESTMENT EXPENSES</b>			
Investment expenses including interest charges		(19,183,824)	(12,485,512)
Losses on sale of investments		(72,048,444)	(11,493,660)
		<b>(91,232,268)</b>	(23,979,171)
<b>UNREALISED INVESTMENT LOSSES</b>			
		(75,560,805)	(35,062,812)
OTHER TECHNICAL EXPENSES, NET OF REINSURANCE	14	(333,699)	(632,825)
ALLOCATED INVESTMENT EXPENSES TRANSFERRED TO NON-TECHNICAL ACCOUNT		1,546,031	(2,889)
<b>PROFIT/(LOSS) ON LIFE INSURANCE TECHNICAL ACCOUNT</b>		<b>32,781,493</b>	24,525,572

<b>NON-TECHNICAL ACCOUNT</b>	Notes	<b>2015</b> EUR	<b>2014</b> EUR
<b>PROFIT/(LOSS) ON LIFE INSURANCE TECHNICAL ACCOUNT</b>		32,781,493	24,525,572
ALLOCATED INVESTMENT INCOME TRANSFERRED FROM LIFE INSURANCE TECHNICAL ACCOUNT		(1,546,031)	2,889
OTHER INCOME		25	-
OTHER EXPENSES, INCLUDING VALUATION ADJUSTMENTS		-	(8,540)
CORPORATION TAX ON ORDINARY ACTIVITIES		(9,187,594)	(7,097,658)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX		22,047,893	17,422,263
OTHER TAXATION NOT INCLUDED IN THE ABOVE ITEMS		132,685	(191,865)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>22,180,578</b>	17,230,398

The notes are to be found under Notes to the Financial Statements.

# NOTES

to the financial statements



# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### Note 1. COMPANY ORGANISATION AND OBJECT

SOGELIFE (the «Company»), formerly known as SOGELUX-VIE, is a société anonyme (public limited company) subject to Luxembourg law and incorporated on 22 July 1996. The Company's registered office is at 11, avenue Emile Reuter, L-2420 Luxembourg. The Company is registered in the Luxembourg trade register under the reference section B no. B 55 612.

The 26 May 1999 Extraordinary Shareholders' General Meeting resolved to change the name of the Company from SOGELUX-VIE to SOGELIFE.

The Company object is to transact all types of insurance and reinsurance business classed as «Life» and all types of insurance classed as «management of pension mutual funds».

### Note 2. SUMMARY OF MAIN VALUATION RULES

#### GENERAL PRINCIPLES

The financial statements have been prepared in compliance with the provisions of the amended law of 8 December 1994 on annual financial statements of insurance and reinsurance undertakings and in compliance with the generally accepted accounting principles in Luxembourg for insurance companies.

The Company's principal accounting policies are as follows:

#### a) Conversion of foreign currency accounts

The Company's books are maintained in Euros and the financial statements are stated in Euros. Assets and liabilities denominated in foreign currencies have been converted at closing exchange rates. Foreign currency income and expenses are converted at the prevailing exchange rates as at transaction date. Realised and unrealised exchange gains and losses resulting from application of this accounting policy are posted to the income statement.

#### b) Intangible assets

Intangible assets are carried at purchase or production cost less accumulated amortisation and impairment. IT software is amortised under the straight-line method over three years.

#### c) Tangible assets

Tangible assets are carried at purchase or production cost less accumulated depreciation and impairment. IT hardware is depreciated under the straight-line method over four years. Furnishings and improvements in business premises are depreciated under the straight-line method over four years.

#### d) Investments

Equities and other variable interest securities and shares in mutual funds (FCPs) are recognised in the balance sheet at purchase cost. Values are reduced if market value falls below purchase cost. The adjustments are reversed if the reasons underlying the valuation adjustments no longer apply.

Bonds and other fixed interest securities are recognised under assets at purchase cost and are measured at realisable value.

- If purchase cost exceeds realisable value, the excess is amortised in annual instalments over the residual term until maturity. Accumulated write-downs since purchase date are deducted from the cost of the investments.

- If realisable value exceeds purchase cost, the excess is posted to the income statement in annual instalments over the residual term until maturity. Accumulated write-downs since purchase date are added to the cost of the investments.

If the directors consider that such write-downs could be permanent then the bonds and fixed interest securities are adjusted so that they are carried at the lower of cost and market value at the balance sheet date.

These adjustments are reversed if the reasons underlining the adjustments no longer apply.

Deposits with credit institutions are carried at face value.

Assets of the same category are carried at weighted average cost.

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### e) Investments held on behalf of life insurance policyholders where the risk is borne by them

Investments held on behalf of life insurance policyholders where the risk is borne by them (unit-linked policies) are carried at market value.

Market value is the last known quotation at the financial year end or the price at which the investment could be sold based on a sound and prudent estimate. Any excess of market value over cost is posted to «Unrealised gains / losses on investments» in the life insurance technical account.

Assets of the same category are valued on the basis of «first in - first out» (FIFO method).

### f) Receivables

Receivables are carried at face value. Receivables are impaired if collection is in doubt or unlikely. Such impairment is reversed if the reasons underlying the impairment no longer apply.

### g) Acquisition costs

Deferred acquisition costs on life insurance policies shown as assets are made up of inpayment fees, less amounts retroceded to the Company and are depreciated over five years. This accounting policy has been approved by the CAA (Insurance Supervisory Authority).

### h) Technical reserves

Sufficient technical reserves are set up so that the Company can, as far as is reasonably foreseeable, meet liabilities under the Company's insurance policies.

- *Life insurance reserves*  
Life insurance reserves represent the estimated value of the Company's future commitments. Such reserves are calculated per policy based on principles approved by the CAA.
- *Provisions for profit sharing and rebates*  
The provision for profit sharing and rebates represents amounts payable to policyholders and beneficiaries in the form of a share in the Company's investment income.
- *Life insurance technical reserves where the risk is borne by the policyholder.*  
Life insurance technical reserves where the risk is borne by the policyholder are determined so as to cover liabilities resulting from changes in the value of investments carried out on behalf of policyholders.

### i) Provision for other risks and charges

The provision for other risks and charges is designed to cover clearly identified expenses and liabilities, which as at the balance sheet date, are either probable or certain but for uncertain amounts or maturity.

### j) Payables

Payables are carried at face value or, where appropriate, at residual value.

### k) Allocated investment income

Net investment income has been allocated in part to the technical account and in part to the non-technical account. This allocation has been made by reference to the actual yields from those assets that are either backing technical reserves or else held for own account.

### l) Tax

Taxation is accounted for on an accruals basis rather than expensed when paid.

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### Note 3. TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets changed as follows in 2015:

	INTANGIBLE ASSETS EUR	TANGIBLE ASSETS EUR
Cost at 31 December 2014	2,305,721	798,681
Acquisitions during the year	684,846	66,414
Disposals during the year	-	(2,789)
Cost at 31 December 2015	<b>2,990,567</b>	862,306
Accumulated value adjustments at 31 December 2014	(1,744,283)	(273,998)
Depreciation, amortisation and impairment (taken to the income statement)	(359,437)	(137,545)
Depreciation, amortisation and impairment written back (not taken to the income statement)	-	2,789
Aggregate value corrections as at 31 December 2015	<b>(2,103,720)</b>	(408,754)
<b>NET BOOK VALUE AT 31 DECEMBER 2015</b>	<b>886,847</b>	453,552

### Note 4. EQUITIES AND OTHER VARIABLE INTEREST SECURITIES AND SHARES IN MUTUAL FUNDS (FCPS)

This line breaks down as follows:

	2015 EUR	2014 EUR
Purchase cost	3,519,531	2,737,487
Accumulated value adjustments	(35,746)	(66,608)
Net book value at balance sheet date	<b>3,483,785</b>	2,670,879
<b>MARKET VALUE</b>	<b>3,564,777</b>	2,711,650

### Note 5. BONDS AND OTHER FIXED INTEREST SECURITIES

	2015 EUR	2014 EUR
Purchase cost	346,969,235	319,070,433
Realisable value	315,628,801	288,506,123
Net book value	340,240,791	314,775,751
<b>MARKET VALUE</b>	<b>354,665,898</b>	334,065,060

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

At 31 December 2015, some investments have been recognised at a value that exceeds fair value. Their book value has not been adjusted because the impairment was not considered to be long term:

Net book value	<b>52,744,056</b>	11,683,646
<b>MARKET VALUE</b>	<b>51,440,155</b>	11,549,282

At 31 December 2015 the remaining balance of purchase cost of bonds exceeded realisable value by EUR 26,380,880 (2014: EUR 27,634,945).

The excess of realisable value of bonds over purchase cost breaks down as follows between amounts posted and not posted to the income statement:

	2015 EUR	2014 EUR
Impairment posted to earnings for the year	754,680	195,047
Impairment not yet posted to earnings	1,768,890	1,365,317

## Note 6. SHAREHOLDERS' EQUITY

### a) Issued share capital

As at 31 December 2015, the Company's issued share capital was EUR 48,222,846 made up of 3,151,820 shares with a EUR 15.30 fully paid-in nominal value.

Changes to shareholders' equity in 2015 break down as follows:

	ISSUED SHARE CAPITAL EUR	SHARE PREMIUM ACCOUNT EUR	STATUTORY RESERVE EUR	SPECIAL RESERVE EUR	PROFIT RETAINED EUR	EARNINGS FOR THE YEAR EUR
Balance at 31 December 2014	48,222,846	24,494,913	3,022,286	12,744,500	40,814,604	17,230,398
Earnings appropriation	-	-	861,520	2,067,100	14,301,778	(17,230,398)
Share issue	-	-	-	-	-	-
Dividends	-	-	-	-	(8,000,000)	-
Profit for the year	-	-	-	-	-	22,180,578
<b>BALANCE AT 31 DECEMBER 2015</b>	<b>48,222,846</b>	<b>24,494,913</b>	<b>3,883,806</b>	<b>14,811,600</b>	<b>47,116,382</b>	<b>22,180,578</b>

### b) Statutory reserve

In compliance with Luxembourg law, 5% of profit must be transferred to the statutory reserve until such time as that reserve reaches 10% of share capital. This reserve is not distributable as dividend.

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### Note 6. SHAREHOLDERS' EQUITY (continued)

#### c) Special reserve

In accordance with current tax law, the Company has reduced its net wealth tax charge (impôt sur la fortune). In order to comply with legislation, the Company has decided to transfer an amount corresponding to five times the reduced net wealth tax charge to the «undistributable reserve». This reserve must remain undistributable for five years from the year after the reduced net wealth tax was granted.

Amounts posted to this reserve are as follows:

EUR	2,746,725	for the year	2009
EUR	1,365,900	for the year	2010
EUR	2,233,450	for the year	2011
EUR	2,485,150	for the year	2012
EUR	3,017,950	for the year	2013
EUR	2,962,425	for the year	2014

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**EUR 14,811,600**

### Note 7. SUBORDINATED LIABILITIES

On 19 May 2004, SOCIETE GENERALE BANK & TRUST granted the Company an initial subordinated loan of EUR 6,750,000. This loan is for an indefinite term and bears interest at EURIBOR 12 months plus a 1.35% margin (0.70% since 10 May 2007).

On 19 May 2004, SOCIETE GENERALE BANK & TRUST granted the Company a second subordinated loan of EUR 2,250,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 12 months plus a 0.75% margin (0.60% since 10 May 2007).

On 27 July 2006, SOCIETE GENERALE BANK & TRUST granted the Company a third subordinated loan of EUR 2,250,000. This loan is for an indefinite term and bears interest at EURIBOR 12 months plus a 0.70% margin.

On 27 July 2006, SOCIETE GENERALE BANK & TRUST granted the Company a fourth subordinated loan of EUR 750,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 12 months plus a 0.60% margin.

On 27 May 2008, SOCIETE GENERALE BANK & TRUST granted the Company a fifth subordinated loan of EUR 6,000,000. This loan is for an indefinite term and bears interest at EURIBOR 12 months plus a 2.80% margin.

On 27 May 2008, SOCIETE GENERALE BANK & TRUST granted the Company a sixth subordinated loan of EUR 2,000,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 12 months plus a 1.80% margin.

On 06 August 2009, SOCIETE GENERALE BANK & TRUST granted the Company a seventh subordinated loan of EUR 11,250,000. This loan is for an indefinite term and bears interest at EURIBOR 12 months plus a 5.50% margin.

On 06 August 2009, SOCIETE GENERALE BANK & TRUST granted the Company an eighth subordinated loan of EUR 3,750,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 12 months plus a 2.15% margin.

On 30 December 2009, SOCIETE GENERALE BANK & TRUST granted the Company a ninth subordinated loan of EUR 3,750,000. This loan is for an indefinite term and bears interest at EURIBOR 12 months plus a 3.50% margin.

On 30 December 2009, SOCIETE GENERALE BANK & TRUST granted the Company a tenth subordinated loan of EUR 1,250,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 12 months plus a 1.50% margin.

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

On 30 March 2010, SOCIETE GENERALE granted the Company an eleventh subordinated loan of EUR 11,850,000. This loan is for an indefinite term and bears interest at EURIBOR 6 months plus a 2.90% margin.

On 30 March 2010, SOCIETE GENERALE granted the Company a twelfth subordinated loan of EUR 3,950,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 6 months plus a 1.45% margin.

On 30 September 2010, SOCIETE GENERALE granted the Company a thirteenth subordinated loan of EUR 11,250,000. This loan is for an indefinite term and bears interest at EURIBOR 6 months plus a 4.063% margin.

On 30 September 2010, SOCIETE GENERALE granted the Company a fourteenth subordinated loan of EUR 3,750,000. This loan is for a fixed 15-year term and bears interest at EURIBOR 6 months plus a 1.9056% margin.

On 26 June 2013, SOGECAP granted the Company a fifteenth subordinated loan of EUR 5,250,000. This loan is for an indefinite term and bears interest at a fixed euro offer rate of 9.13%.

On 26 June 2013, SOGECAP granted the Company a sixteenth subordinated loan of EUR 1,750,000. This loan is for a fixed 15-year term and bears interest at a fixed euro offer rate of 5.90%.

On 23 December 2013, SOGECAP granted the Company a seventeenth subordinated loan of EUR 5,250,000. This loan is for an indefinite term and bears interest at a fixed euro offer rate of 10.91%.

On 23 December 2013, SOGECAP granted the Company an eighteenth subordinated loan of EUR 1,750,000. This loan is for a fixed 15-year term and bears interest at a fixed euro offer rate of 5.33%.

On 27 June 2014, SOGECAP granted the Company a nineteenth subordinated loan of EUR 17,250,000. This loan is for an indefinite term and bears interest at a fixed euro offer rate of 8.16%.

On 27 June 2014, SOGECAP granted the Company a twentieth subordinated loan of EUR 5,750,000. This loan is for a fixed 15-year term and bears interest at a fixed euro offer rate of 4.35%.

On 23 December 2014, SOGECAP granted the Company a twenty-first subordinated loan of EUR 13,500,000. This loan is for an indefinite term and bears interest at a fixed euro offer rate of 4.865%.

On 23 December 2014, SOGECAP granted the Company a twenty-second subordinated loan of EUR 4,500,000. This loan is for a fixed 11-year term and bears interest at a fixed euro offer rate of 3.85%.

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### Note 8. TRANSACTIONS WITH OTHER GROUP COMPANIES

As at 31 December 2015 the following balance sheet accounts contained transactions with other group companies:

ASSETS	2015 EUR	2014 EUR
Share of reinsurers in technical reserves	6,679,994,457	6,479,589,784
Reinsurance business receivables	15,359,558	17,428,239
Other receivables	-	631,021
Cash at bank	102,287,026	113,204,620
Accrued interest	384,284	509,041
LIABILITIES AND EQUITY	2015 EUR	2014 EUR
Subordinated loans	125,800,000	125,800,000
Life insurance reserves (inwards reinsurance)	8,590,716	-
Direct insurance business payables	3,551,049	2,175,690
Other payables	2,331,941	3,539,839

### Note 9. BREAKDOWN OF GROSS WRITTEN PREMIUMS

Gross written premiums break down as follows:

	2015 EUR	2014 EUR
Individual business premiums	1,015,387,102	2,402,181,017
Group policy premiums	-	-
Accepted premiums	8,536,118	-
	<b>1,023,923,220</b>	2,402,181,017
Instalment premiums	-	-
Single premiums	1,015,387,102	2,402,181,017
	<b>1,015,387,102</b>	2,402,181,017
Non profit sharing policy premiums	-	-
Profit sharing policy premiums	683,141,614	2,099,610,810
Premiums from policies with investment risk borne by policyholders	332,245,488	302,570,207
	<b>1,015,387,102</b>	2,402,181,017

The regional breakdown of gross written premium is as follows:

	2015 EUR	2014 EUR
Grand Duchy of Luxembourg	31,122,710	297,262,313
Other EU countries	597,359,468	1,288,934,361
Other countries	395,440,942	815,984,343
	<b>1,023,923,120</b>	2,402,181,017

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### Note 10. DIRECT INSURANCE BUSINESS COMMISSIONS

Commissions paid to intermediaries amounted to EUR 23,954,495 (2014: EUR 20,551,500) and break down as follows:

	2015 EUR	2014 EUR
Acquisition costs	864,084	1,544,030
Other commissions (included under administrative expenses)	23,090,411	19,007,470
	<b>23,954,495</b>	20,551,500

### Note 11. REINSURANCE BALANCES

Reinsurance balances break down as follows:

	2015 EUR	2014 EUR
Premiums ceded to reinsurers	(581,201,443)	(1,984,246,127)
Other investment income	62,732,387	50,878,877
Reinsurers' share in claims	541,958,015	650,510,828
Change in reinsurers' share in technical reserves	178,728,358	1,492,806,205
Change in reinsurers' share in outstanding claims reserves	21,683,683	3,779,524
Commission paid to reinsurers	(6,402,538)	(5,541,346)
	<b>217,498,462</b>	208,187,961

The changes in reinsurance balances in 2015 compared to 2014 was mainly due to new transfers in and out of the guaranteed rate sub-fund, which affected the existing reinsurance treaties with SOGECAP, the Company's majority parent company. The purpose of these treaties is to reinsure policies invested in a Euro-denominated fund where the risk is borne by the Company, with the exception of one insurance policy that is reinsured with Generali Assurance Vie.

SOGECAP has pledged financial instruments (Gilts) for the benefit of the Company for an amount at least equivalent to its commitments.

Starting with the 2010 financial year, technical interest and other financial income arising from the reinsurance treaties have been posted to Other investment income.

### Note 12. STAFF

During the last financial year, the Company employed on average 87 staff (2014: 81) i.e. 1 CEO, 13 managers and 73 other staff. Staff costs were as follows:

	2015 EUR	2014 EUR
Salaries and benefits	6,992,155	6,038,779
Social security charges including pension contributions	1,124,622	988,164
Including social security charges related to pensions	255,690	227,153
	<b>8,116,777</b>	7,026,943

Members of the Board of Directors received no remuneration. With regard to other staff pay, no use was made of article 83.7 of the amended law of 08 December 1994. No loans were granted to members of the Board of Directors.

# NOTES

## TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015 AND 2014

### Note 13. TAX

The Company is subject to all taxes that apply to sociétés anonymes (public limited companies) in Luxembourg.

Taxation payables are included under «Other payables».

### Note 14. OTHER EXPENSES AND OTHER TECHNICAL INCOME

The item Other expenses and other technical income includes amounts posted to technical reserves relating to life insurance where the risk is borne by the policyholder and where these were carried to or written back from the item «Provisions for other risks and charges».

### Note 15. EXCHANGE RATES

The rates of exchange used in drawing up the balance sheets as at 31 December 2014 and 31 December 2015 were as follows:

	2015 EUR	2014 EUR
United States Dollar	1.0891	1.2134
Pound Sterling	0.73555	0.77895

### Note 16. CONSOLIDATION

The Company's financial statements are consolidated by SOGECAP, whose registered office is at Tour D2- 17 bis place des reflets, F-92919 Paris La Défense Cedex, France. SOGECAP prepares consolidated financial statements covering all its small subsidiaries including the Company.

The Company's financial statements are included in the consolidated accounts for SOCIÉTÉ GÉNÉRALE, whose registered office is at Tour Société Générale, F-92972 Paris La Défense Cedex, France, which draws up consolidated accounts for all the smaller companies of which the Company is a part being a subsidiary.

These consolidated accounts are available at those addresses.

### Note 17. CERTIFIED AUDITORS' FEES

Fees relating to the financial year:

	2015 EUR	2014 EUR
Financial statements audit (before VAT)	55,434	36,635

### Note 18. OFF BALANCE SHEET - INVESTMENTS PLEDGED

SOGECAP has registered a lien in its financial instrument accounts with SOCIÉTÉ GÉNÉRALE in favour of SOGELIFE as security for payment of any amounts falling due under the reinsurance treaty between the two companies. At 31 December 2015, financial instruments with a market value of EUR 6,761,985,182 were held on this account.

WEBSITE : **[WWW.SOGELIFE.COM](http://WWW.SOGELIFE.COM)**

## **PRESS RELATIONS**

[comm.sogelife@socgen.com](mailto:comm.sogelife@socgen.com)

## **SOGELIFE**

Registered office:

11 avenue Emile Reuter L-2420 Luxembourg

S.A. Luxembourgeoise d'assurance vie

RC Luxembourg B 55612

## **REPORT DESIGN AND PRODUCTION**

SOGELIFE Communications department

The translation in English of this Financial Statement has been made for information purpose only, and only the French version is binding.



BUILDING TEAM SPIRIT  
TOGETHER