ANNUAL REPORT 2018

SOGELIFE

SOGELIFE S.A.
Société Anonyme (Corporation)
11, Avenue Emile Reuter
L–2420 Luxembourg
R.C.S. Luxembourg: B 55.612
Annual accounts and Directors' Report
and Report from the Auditor of the Company
as of 31 December 2018

ANNUAL REPORT 2018

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DIRECTORS' REPORT

at the Ordinary General Meeting on 30 April 2019

"Dear Madam, Dear Sir

We have the pleasure of hereby reporting to you on the transactions performed by SOGELIFE S.A. during the financial year ended 31 December 2018, and submitting said year's income statement and balance sheet for your approval."

2018 Activity

In a difficult economic and financial context, the life insurance market in Luxembourg has resisted rather well showing a slight increase of net inflows of 1% compared to 2017.
Unit-linked shares in net inflows showed a slight shift by 9 points in favour of secured funds.

SOGELIFE excelled with an increase of 36% of the level of payments received and a volume of units of account on the rise compared to 2017 (€+107M).

As a result of the success of the collection and outputs below 10% of the outstanding amounts, SOGELIFE shows a net inflow exceeding half a billion euros including almost 80% in account units.

These figures demonstrate the ability of SOGELIFE to have understood how to provide a diverse range of products and to have adapted the needs of its clients, particularly with the sophistication of its UL offering.

Solvency

The company's solvency margin remains at an adequate level (217%) and does not require further strengthening.

- Share capital at year end amounted to EUR 48,222,846 and is held by Sogecap (60.14%) and SGBT (39.86%).
- Subordinated loans remained at EUR 125,800,000. There was no change in 2018.

Profit and loss account

The gross reinsurance turnover amounted to EUR 1,355,238,950 in 2018 compared to EUR 999,561,898 in 2017. Almost 69% was generated with the partners excluding Société Générale Group.

The investment income which includes the regular income and capital gains from asset disposals mainly financial assets representing commitments taken out as account units, amount to EUR 186,734,810 for 2018 compared to EUR 234,142,074 for the previous year.

Changes in our net commitments for reinsurance generated charges for technical provisions of EUR 25,914,233 (compared to charges of EUR 355,968,888 in 2017) plus the profit-sharing amounting to EUR 173,376,192 (compared to 63,256,549 in 2017).

Operating costs are allocated directly, broken down by destination In accordance with applicable accounting standards On a type-by-type basis, the commissions paid to providers amount to EUR 25,381,008 (compared to EUR 25,083,907 in 2017) and that the overheads amount to EUR 17,583,367 (compared to EUR 15,221,038 in 2017).

In light of all the products and expenses, the technical account shows a credit balance of EUR 32,179,545 directly attributable to technical insurance transactions, compared to a credit balance of EUR 36,266,610 in 2017.

After incorporating all the elements of the non-technical account which are primarily made up of the net investment income for a total of EUR -2,715,573, income tax for EUR -4,683,095 and other non-technical charges for EUR -2,580, the year confirmed a net income totaling EUR 24,778,298.

Proposed distribution of profit

We suggest allocating profits for year ended amounting to EUR 24,778,298 in the following manner:

- Allocation of EUR 4,468,050 to the unavailable reserve;
- Unavailable reserve from 2013 brought forward of EUR 3,017,950;
- Profit of EUR 1,671,802 brought forward (EUR 44,973,546 in total);
- Payment of EUR 25,000,000 in dividends to our shareholders.

For the record, the share of earnings brought forward to the unavailable reserve enables only a pro-rota rate of the Wealth Tax to be paid provided that it is 5 times the amount of the Wealth Tax owed (EUR 898,960 x 5 for 2018) and unavailable for 5 years.

The equity and subordinated liabilities of the company amount to EUR 272,439,037.

Balance sheet

Overall, the balance sheet total amounts to EUR 10,104,160,501 compared to EUR 9,595,415,260 the previous year.
The assets managed by SOGELIFE amount to EUR 3,575,176,465 in market value in 2018 compared to EUR 3,382,029,791 in 2017.
The proportion of assets invested in UCITS and assets invested in negotiable debt securities remains stable compared to 2017. They amount to 65% and 35% respectively (compared to 65% and 35% in 2017).

KEY FIGURES

+36%

INCREASE IN THE LEVEL OF CLIENT PAYMENTS RECEIVED BY SOGELIFE

€500M+

NET COLLECTION

80%

OF NET COLLECTION IN ACCOUNT UNITS

€10,104M

BALANCE SHEET TOTAL

217%

SOGELIFE'S SOLVENCY MARGIN

Perspectives

SOGELIFE intends to continue to transform its business mix, thus enhancing the contribution of unit-linked policies in the product portfolio.
With the back-up of a highly diversified distribution network, SOGELIFE will continue to offer dedicated life insurance and savings policies to international clients, incorporating financial and wealth management solutions tailored to their new requirements.

Risk management

SOGELIFE runs its savings and life insurance business through the distribution of a wide range of life insurance savings and capitalization policies. In this respect, market risk is the most significant exposure.

In terms of market risks, SOGELIFE is sensitive to shocks due to the level of interest rates on equity markets and credit spreads. The redemption risk within the risks of life insurance underwriting is also significant.

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

The main risks to which SOGELIFE is exposed are:

- **ALM risks** (liability and asset management) including market, credit and liquidity risks. SOGELIFE is mainly exposed to ALM risks.
- **Technical risks**, including life insurance underwriting risk. These risks may be of a biometric nature (mortality) or related to the conduct of the insured parties (redemption risk).
- **Operational risks and other risks** including strategic risks, reputational risks and risks of loss or penalties, mainly due to internal procedures and systems failures, human errors or external events.

In accordance with existing regulations, the company has analyzed the main risks to which it is confronted.
This analysis is attached to this report.

Miscellaneous

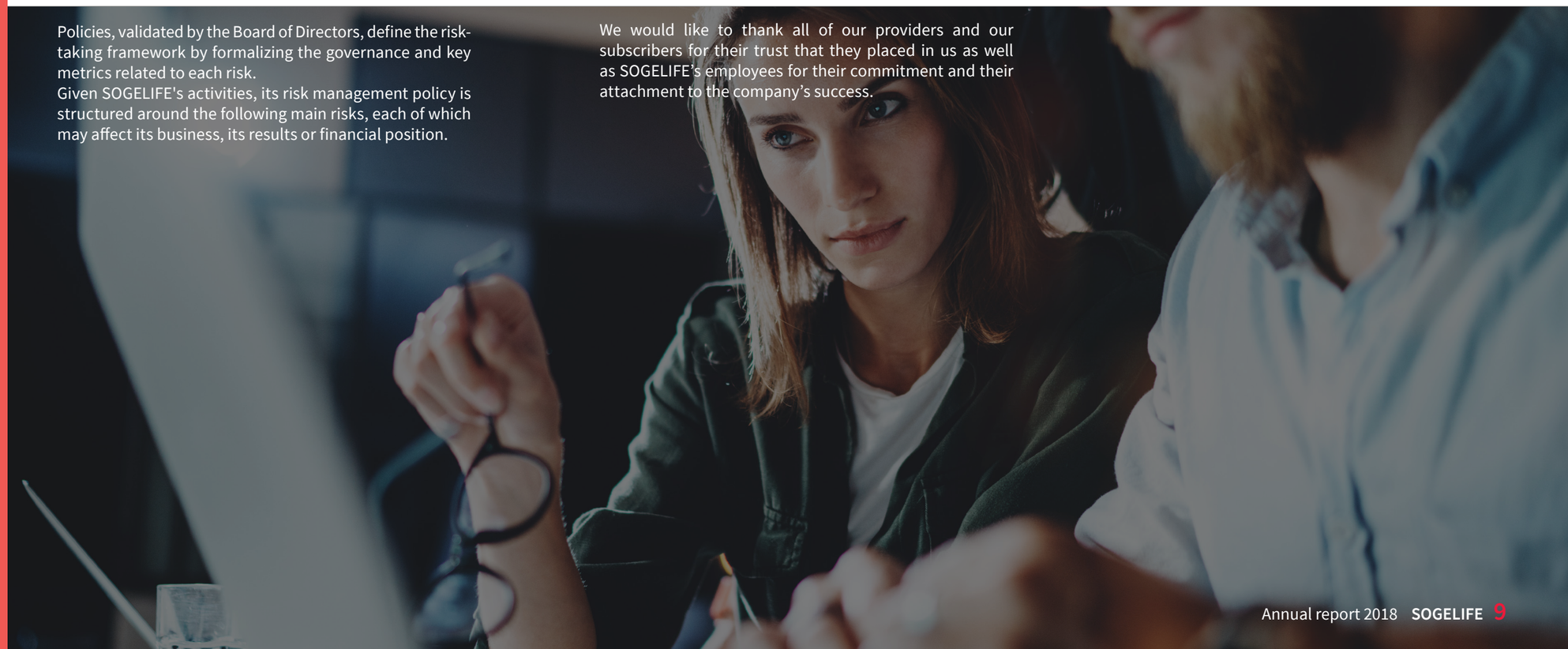
In 2018, the Company incurred no research and development expense, did not carry out any share buybacks and does not possess any.

The company does not have any subsidiaries.

No significant event occurred after the financial year end.
In 2018, SOGELIFE did not use financial derivatives within the framework of its management of its equity and in the investment strategy of the internal investment fund with a return on investment in USD.

Ladies and Gentlemen, we therefore propose that you ratify this report, to approve the balance sheet and consolidated results for the financial year ending 31 December 2018 as defined above, to approve the methods for allocating profit, that discharge be granted to the members of the Board of Directors and to grant discharge to the auditor.

Philippe PERRET
Chairman of the Board of Directors



Policies, validated by the Board of Directors, define the risk-taking framework by formalizing the governance and key metrics related to each risk.
Given SOGELIFE's activities, its risk management policy is structured around the following main risks, each of which may affect its business, its results or financial position.

We would like to thank all of our providers and our subscribers for their trust that they placed in us as well as SOGELIFE's employees for their commitment and their attachment to the company's success.

SOGELIFE: RISK ANALYSIS TO YEAR END 2018

1. 1. Presentation of the main risks generated by the activities carried out by SOGELIFE

SOGELIFE has a risk mapping which identifies 58 risks to which the company is or could be exposed. A risk mapping broken down into 8 categories, was identified by Société Générale Group's insurance business line. The updated risk map highlighted the absence of a high residual risk and 20 moderate residual risks.

For all the identified risks, action plans were defined (including the strengthening of the controls and the procedural framework) and implemented in order to adequately control the dynamic and reactive risks.

1. 1. 1. Operational risks

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

Regarding operation risks which may be generated by the non-compliance to regulatory and legislative changes (risks related to the introduction of new laws or regulations and the application these laws and regulation), the legal department of the company is permanently in conntact with the Legal and Tax department of SOGECAP. It keeps abreast of changes via the usual media sources (press, internet, seminars, etc.), but also via the specialized commissions of the Insurance Company Association.
In order to guarantee the compliance of its products and business activities, the legal department also uses the services of external lawyers specialized in the markets on which SOGELIFE is present in order to guarantee the compliance of its products and business activities.

This legal monitoring enables SOGELIFE to respond to the many European and international regulatory changes affecting the insurance sector (Solvency II, EMIR, FATCA, CRS, PRIIPS, IDD, GDPR, etc.), as well as to the changing normative framework in Luxembourg.

1. 1. 2. Market risks

Exposure to market risk is low because 64% of assets are reinsured by SOGECAP, 31% of investments are borne by policyholders and the remaining 5% are subject to surveillance via ALM studies and asset dispersion controls.

Asset and liability mismatches are controlled and corrected monthly.

A strict control procedure for the eligibility of external funding is currently in force which ensures the eligibility of these supports in unit-linked life insurance/capitalization policies.

Technical result analysis performed monthly enable financial gains and losses to be identified and to find solutions if required.

1. 1. 3. Reputation risks

These are mainly image risks relating to non-compliance with measures aimed at controlling the client-transaction knowledge, at defects related to the control of subcontracted activities.
The company has an audit plan incorporating the mission to control AML/CFT activities. Furthermore, a subcontracting policy was adopted in order to make sure these activities were adequately controlled. The company has set itself commitments in terms of quality of services, in particular compliance with processing times.

1. 1. 4. Strategic and governance risks

The risk in this area is low because of the strong governance measures implemented by its insurance business line. Governance policies have been established in accordance with Solvency II requirements and have been approved by the Board of Directors.

Various committees are held regularly: Board of Directors, Finance Committee, Regular budget reviews, Audit, Internal oversight and Risk Committee (CACIR), ...
In addition, the company has setup a project management procedure which meets the Group's existing standards.
Group-wide regulatory projects are also supervised by its business line.

REPORT BY CERTIFIED COMPANY AUDITOR

Report on the audit of the annual accounts

Opinion

We have performed an audit of the financial statements of SOGELIFE S.A. (hereafter the "Company") comprising the balance sheet as at 31 December 2018, as well as the income statement for the year then ended, and the notes to the financial statements, including a summary of the main accounting principles applied.

In our opinion, the attached financial statements give a true and fair view of the Company's financial situation as at 31 December 2018, as well as the results for the year then ended, in accordance with current legal and regulatory obligations for preparing and presenting financial statements in force in Luxembourg.

Basis of our opinion

We performed our audit in compliance with Regulation (EU) No. 537/2014, the law of 23 July 2016 concerning the audit profession (the "law of 23 July 2016") and International Standards on Auditing (ISA) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (*CSSF*). The responsibilities incumbent upon us pursuant to the aforementioned regulation, law and standards are described in more detail in the section of this report entitled "Responsibility of the certified auditors for the audit of the financial statements". We are also independent from the Company in accordance with the code of ethics of the International Ethics Standards Board for Accountants (IESBA) as adopted for Luxembourg by the *CSSF*, as well as with the ethics rules applicable to the audit of financial statements and we fulfilled the other responsibilities incumbent upon us in accordance with such rules. We believe that the evidence we have gathered is sufficient and appropriate as a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the given period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a basis for a separate opinion on these matters.

Investments held on behalf of life insurance policyholders where the risk is borne by them – unlisted assets in dedicated fund contracts

Description of the risk identified:

Investments held on behalf of life insurance policyholders where the risk is borne by them were recorded in the Company's balance sheet in an amount of EUR 3,133 million, i.e., 31% of the total balance sheet. From these investments, EUR 99 millions, i.e. 3.2% of the total of these investments are represented by unlisted assets which are assessed using the assessment method explained in note 2.e. to the financial statements.
We consider that the procedure concerning unlisted assets included in investments for the benefit of life insurance policyholders where the risk is borne by them is a key issue in the audit since this measure may involve judgement in the assessment method selected by the Board of Directors and in the appreciation of the reliable information selected for the assessment of these assets.

Audit procedures implemented in response to the risk identified:

Our audit procedures in relation to unlisted assets included in investments held on behalf of life insurance policyholders where the risk is borne by them notably include:

- Tests with regard to the design, the implementation of monitoring activities within the Company in terms of acceptance, monitoring and assessment of unlisted assets;
- Substantive procedures on a sample of unlisted assets on 31 December 2018 regarding the verification of the proper application of the assessment method as described in note 2.e. to the financial statements, and the precise nature of the information selected for the assessment of these assets.

Other information

The Board of Directors is responsible for the other information. Other information comprises the information contained in the management report, but does not include the financial statements and our certified company auditor report on said financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance in respect thereof.

With regard to our audit of the financial statements, our responsibility involves reading the other information and, in so doing, assess whether it is materially inconsistent with the financial statements or the knowledge we have acquired during the audit, or if the information appears to be otherwise materially misstated. If, in light of the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the company's heads of corporate governance with respect to the financial statements

In accordance with current statutory and regulatory provisions applicable to the drawing up and presentation of financial statements in Luxembourg, the Board of Directors is responsible for drawing up and presenting 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.

When drawing up the financial statements, it is incumbent upon the Board of Directors to measure the Company's ability to continue operations, to communicate, if necessary, any issues relating to business continuity and to apply the going concern principle, unless the Board of Directors intends liquidating the Company or ceasing trading or if no other realistic solution is available.

It is incumbent upon the heads of corporate governance to monitor the Company's financial reporting process.

Responsibilities of the certified auditors

Our objectives are to obtain reasonable assurance that the financial statements as a whole do not include any material misstatements whether from fraud or error and to issue a certified report with our opinion. Reasonable assurance equates to a high level of assurance, which nonetheless does not guarantee that an audit performed in accordance with Regulation (EU) No. 537/2014, the law of 23 July 2016 and ISA as adopted for Luxembourg by the *CSSF* is always capable of detecting all material misstatements that exist. Misstatements can be the result of fraud or errors and are considered material when it is reasonable to expect that they may, individually or in aggregate, influence economic decisions made by users of financial statements based thereon.

Within the scope of an audit performed in accordance with Regulation (EU) No. 537/2014, the law of 23 July 2016 and ISA as adopted for Luxembourg by the *CSSF* we use professional judgement and critical thought throughout the process. Furthermore:

- We identify and measure the risks that the financial statements include material misstatements whether from fraud or from error, design and implement audit procedures in response to these risks, and gather sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may imply collusion, falsification, deliberate omissions or a circumvention of internal controls;
- We acquire an understanding of internal control issues relevant to the audit in order to design audit procedures that are appropriate in the circumstances and not with the aim of expressing an opinion on the effectiveness of the Company's internal controls;
- We assess the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by the Board of Directors, as well as any related information provided by the Board;
- We draw a conclusion on the appropriateness of the use by the Board of Directors of the going concern principle and, depending on the evidence obtained, regarding the existence or otherwise of material uncertainty connected with events or situations liable to cast significant doubt on the Company's ability to continue operations. If we conclude that material uncertainty exists, we are obliged to draw the readers' attention to the information provided in the financial statements about this uncertainty or, if such information is not adequate, to give a modified opinion. Our conclusions are based on evidence obtained up to the date of our report. However, future events or situations could result in the Company ceasing trading;
- We assess the overall presentation, form and content of the financial statements, including the information provided in the notes, and assess whether the financial statements represent the transactions and underlying events in such a way as to give a true and fair view.

We communicate to the heads of corporate governance notably on the scope and planned timetable for the audit and our key findings, including any significant deficiencies in internal control that we may have noted during our audit.

We also provide the heads of corporate governance with a statement specifying that we complied with the relevant ethics rules regarding independence and communicate with them about any relationships or other factors that may reasonably be considered as possibly having a bearing on our independence, as well as the related backups, if any.

Among the matters communicated to the heads of corporate governance, we decide which were the most important in the audit of the financial statements for the period under review. These are the key audit matters. We describe these matters in our report, unless their publication is prohibited by legal texts or regulations in force.

Report on other legal or regulatory obligations

We have been appointed as certified auditors by the Shareholders' General Meeting of 24 April 2018, and the total uninterrupted duration of our engagement, including reappointments and renewals, is one year.

The management report is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.

We confirm that we have not provided any non-audit services prohibited by Regulation (EU) No. 537/2014 and that we remained independent from the Company during the audit.

For Deloitte Audit, Statutory Auditors

Ludovic Bardon, Certified company auditor
Partner

Luxembourg, April 30, 2019

BALANCE SHEET

On 31 December 2018
(expressed in EUR)

ASSETS	2018	2017
Intangible assets (Note 3)	385,691	541,072
Investments		
Other financial investments		
Shares and other variable income securities and shares in mutual funds (Note 4)	517,845	6,215,215
Bonds and other fixed income securities (Note 5)	351,278,213	344,606,109
Other loans	3,045,256	-
Deposits with credit institutions (Note 8)	77,197,633	80,353,176
	432,038,947	**431,174,500**
Investments held on behalf of life insurance policyholders where the risk is borne by them	**3,133,234,718**	**2,935,031,047**
Reinsurers' share of technical provisions (Note 8)		
Life insurance provision	6,115,407,644	5,846,851,147
Provision for Claims	36,443,396	32,443,897
Provision for bonuses	278,066,370	198,691,442
	6,429,917,410	**6,077,986,486**
Receivables		
Receivables deriving from insurance transactions on insurance brokers (Note 8)	3,281,122	2,258,656
Receivables from reinsurance transactions (Note 8)	6,462	15,052
Other receivables	1,327,978	1,233,250
	4,615,562	**3,506,958**
Other assets		
Tangible assets (Note 3)	63,356	195,065
Cash deposits, cheques and cash (Note 8)	103,014,795	146,218,102
	103,078,151	**146,413,167**
Adjustment accounts		
Deferred acquisition costs	16,386	27,392
Other adjustment accounts	873,636	734,638
	890,022	**762,030**
	10,104,160,501	**9,595,415,260**

Accompanying notes to the annual statements form an integral part of these financial statements.

LIABILITIES	2018	2017
Equity (Note 6)		
Subscribed capital	48,222,846	48,222,846
Share premium amount	24,494,913	24,494,913
Legal reserve	4,822,285	4,822,285
Special reserve	20,837,425	20,936,600
Profit carried forward	46,645,348	46,883,900
Profit from the financial year	24,778,298	24,662,273
	169,801,115	**170,022,817**
Subordinated liabilities (Notes 7, 8)	**127,637,922**	**127,638,346**
Technical provisions		
Life insurance provision (Note 8)	6,277,106,843	6,010,189,763
Provision for claims	54,292,176	43,043,813
Provision for bonuses and rebates	287,200,826	205,099,726
	6,618,599,845	**6,258,333,302**
Technical provisions concerning life insurance when the risk is borne by the policyholder	3,133,234,718	2,935,031,047
Provisions for other risks and charges		
Provisions for pensions and similar obligations	670,351	562,508
Other provisions	2,324,004	2,029,925
	2,994,355	**2,592,433**
Debts (Note 8)		
Direct insurance liabilities (Note 8)	7,964,525	10,463,588
Debts from reinsurance transactions (Note 8)	27,138,312	73,035,518
Other debts, including tax (Notes 8, 13)	12,249,025	14,565,264
	47,351,862	98,064,370
Adjustment accounts	**4,540,684**	**3,732,945**
	10,104,160,501	**9,595,415,260**

Accompanying notes to the annual statements form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT

On 31 December 2018
(expressed in EUR)

Life insurance technical account	2018	2017
Premiums acquired, net of reinsurance		
Gross written premiums (Note 9)	1,355,238,950	999,561,898
Premiums ceded to reinsurers (Note 11)	(756,990,188)	(363,584,764)
	598,248,762	**635,977,134**
Investment income		
Other investment income		
Income from other investments (Note 11)	112,831,133	126,723,318
Profits and losses from the realization of investments	73,903,677	107,418,756
	186,734,810	234,142,074
Unrealised gains or losses on investments	164,119,604	238,901,610
Other technical income, net of reinsurance	77,465	21,885
Cost of claims, net of reinsurance		
Amounts paid		
Gross amounts	(795,415,956)	(1,370,997,219)
Share of reinsurers (Note 11)	575,182,864	1,146,156,683
	(220,233,092)	**(224,840,536)**
Change in provision for claims		
Gross amount	(11,248,363)	(16,341,485)
Share of reinsurers (Note 11)	3,999,499	12,551,274
	(7,248,864)	(3,790,211)
	(227,481,956)	**(228,630,747)**
Variation of other technical provisions, net of reinsurance		
Life insurance provision		
Gross amounts	(465,120,751)	294,672,745
Share of reinsurers (Note 11)	347,931,425	(732,532,407)
	(117,189,326)	(437,859,662)
Other technical provisions, net of reinsurance	91,275,092	81,890,774
	(25,914,234)	(355,968,888)
Provision for bonuses and rebates, net of reinsurance	(173,376,192)	(63,256,549)
Net operating costs		
Acquisition costs (Note 10)	(7,514,995)	(1,925,642)
Change in deferred acquisition costs	(11,006)	(34,435)
Administration costs (Note 10)	(32,998,840)	(35,927,603)
Commissions ceded to reinsurers (Note 11)	(5,909,823)	(6,062,579)
	(46,434,664)	(43,950,259)

Accompanying notes to the annual statements form an integral part of these financial statements.

	2018	2017
Investment charges		
Investment management charges, including interest payments	(26,326,416)	(22,838,138)
Losses from the realization of investments	(137,745,575)	(62,833,144)
	(164,071,991)	**(85,671,282)**
Unrealized losses on investments	(282,141,716)	(297,458,149)
Other technical charges, net of reinsurance	(295,915)	(192,885)
Allocated investment return transferred to the non-technical account	2,715,573	2,352,666
Life insurance technical account result	32,179,546	36,266,610
Non technical account		
Life insurance technical account result	32,179,546	36,266,610
Allocated investment return transferred to the non-technical account	(2,715,573)	(2,352,666)
Other charges, including value adjustments	(2,580)	-
Tax on income from ordinary operations (Note 13)	(4,675,937)	(9,250,083)
Profit on ordinary operations after tax	24,785,456	24,663,861
Other taxes which are not shown in the previous items	(7,158)	(1,588)
Profit from the financial year	24,778,298	24,662,273

Accompanying notes to the annual statements form an integral part of these financial statements.

APPENDIX

On 31 December 2018

Note 1 – Organization and purpose of the company

SOGELIFE (the "Company"), formerly Sogelux-Vie, is a *Société Anonyme* (corporation), governed by Luxembourg law, established on 22 July 1996. The registered address of the company is at 11, avenue Emile Reuter, L-2420 Luxembourg. The Company is registered in the Luxembourg Trade and Companies Register under number B 55 612.

The Extraordinary General Meeting on 26 May1999 decided to change the Company's name from Sogelux-Vie to SOGELIFE.

The Company purpose is to transact all types of insurance and reinsurance operations in the "Life" branch and all types of life insurance operations in the "management of group retirement funds" branch.

Note 2 – Summary of the main valuation rules

General principles

The financial statements have been prepared in accordance with the provisions of the modified law of 8 December 1994 on the financial statements of insurance and reinsurance companies and with generally accepted accounting principles in Luxembourg.

Certain comparative figures have been reclassified to conform to the presentation adopted in 2018. These reclassifications will not affect the results and the balance sheet.

The company uses the following accounting policies:

a. Conversion of financial statements in foreign currency

The Company maintains its accounting records in Euro (EUR) and the financial statements are expressed in that currency. Assets and liabilities denominated in foreign currencies are converted at rates of exchange applicable at the year end. Foreign currency revenue and expenses are converted at the rate applicable on the transaction date. Realized and unrealized foreign currency losses on investments as well as realized and unrealized foreign currency gains resulting from the application of this valuation principle are included in the profit and losses account.

b. Intangible assets

Intangible assets are recorded in the balance sheet at the cost price, minus cumulative amortization value. Software is amortized using the straight-line method over three years.

c. Tangible assets

Intangible assets are recorded in the balance sheet at the acquisition price or cost price, minus cumulative amortization value. Software and electronics are amortized using the straight-line method over four years. Furniture and improvements made in the business premises are amortized using the straight-line method over four years.

d. Investments

Shares and other variable income securities and shares in mutual funds are recorded on the asset side of the balance sheet at their acquisition cost. Downward value adjustments are applied if the market value is lower than the acquisition value on the yearend date. These value adjustments should no longer remain when the reasons for which they were made cease to apply.

Debt securities and other fixed income transferable securities are recorded in the assets section of the balance sheet at their acquisition price and are valued using the "redemption value":

- The difference between the acquisition price and the redemption price of these securities is amortized in instalments over the remaining term of the securities. The amortization value accumulated since the acquisition date is deducted from the acquisition value of these securities.
- The negative differences between the acquisition price and the redemption price of these securities is recorded in the profit and loss account over the remaining term of these securities. The pro rata value accumulated since the acquisition date is added to the acquisition value of these securities.

If the directors expect the impairment in value to be permanent in nature, bonds and other fixed income securities are adjusted in order to apply the lower value to be assigned to them on the balance sheet date.

The assets in the same category are assessed using the weighted average price method.

These value adjustments should no longer remain when the reasons for which they were made cease to apply.

These loans are recorded in the balance sheet at their nominal value.

Deposits with credit institutions are recorded in the balance sheet at their nominal value.

If the directors expect the impairment in value to be permanent in nature, bonds and other fixed income securities are adjusted in order to apply the lower value to be assigned to them on the balance sheet date.

e. Investments for the benefit 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 valued at the market price.

The market price represents the last known quote price on the balance sheet date or the value at which the investment could be sold, estimated with prudence and good faith. Any difference between this value and the acquisition cost is disclosed in the technical account for life insurance in the unrealized gains or losses on investments.

For unrated investments, the Board of Directors relies on the information at its disposal, notably the financial statements, bank statements and other sources of information deemed relevant so that the probable sales price of these investments can be valued with prudence and good faith.

The assets in the same category are assessed using the First In First Out (FIFO) method.

f. Receivables

Receivables are entered in the balance sheet at their nominal value. These values are adjusted should their full or partial recovery come into doubt. These value adjustments should no longer remain when the reasons for which they were made cease to apply.

g. Acquisition costs

Deferred acquisition costs directly related to life insurance contracts, disclosed as an asset, represent the fees, excluding a rebate of any fees to the Company, which are amortized over a period of five years. This method was approved by Luxembourg's Insurance Commission.

h. Technical provisions

Sufficient technical provisions are set up in order that the company can meet, as far as can be reasonably foreseen, any liabilities arising from the insurance contracts signed by the Company.

- **Life insurance provision**

Life insurance provision consists of the estimated value of the company's liabilities. It is calculated separately for each contract using methods validated by the Insurance Commission.

The reinsurers share in the life insurance provision appears in the asset section of the balance sheet. This represents the real or estimated values of the life insurance provision which, in accordance with existing reinsurance contracts, are borne by the reinsurers.

- **Provision for Claims**

The provision for claims corresponds to the total estimated cost for settling all claims arising from events which have occurred up to the end of the financial year, whether or not declared, after deduction of any amounts already paid in respect of these claims.

The provision for claims is computed separately for each claim.

The reinsurers share in the life insurance provision appears in the asset section of the balance sheet. This represents the real or estimated values of the life insurance provision which, in accordance with existing reinsurance contracts, are borne by the reinsurers.

- **Provision for bonuses and rebates**

Provision for bonuses and rebates includes the amounts intended for policyholders or contract beneficiaries in the form of bonuses.

- **Technical provisions concerning life insurance when the risk is borne by the policyholder**

Technical provisions for life insurance policies where the risk is borne by the policyholder are determined in order to cover liabilities related to the change of the value of the investments made on behalf of the policyholder.

i. Provisions for other risks and charges

Provisions for other risks and charges are intended to cover losses or debts whose nature is clearly defined and, at the balance sheet date, are either likely or certain but undetermined because of their amount or their date of occurrence.

j. Debts

Debts are recorded in the balance sheet at their nominal value or at their residual value, if applicable.

k. Allocated investment income

A part of the investment income has been allocated to the technical account and the other part has been allocated to the non technical account. They were allocated by taking into account the actual returns of the assets, either covering technical provisions, or assets held on a personal account.

l. Taxes

Taxes are recorded using the accrual principle and not during the period in which the payment occurs.

Note 3 – Intangible and tangible assets

These items evolved as follows in 2018:

	Intangible assets EUR	Tangible assets EUR
Acquisition costs as of 31 December 2017	3,594,275	865,624
Acquisitions from the financial year	222,577	-
Disposals during the year	(181,488)	(232,175)
Acquisition costs as of 31 December 2018	3,635,364	633,449
Cumulative value adjustments as of 31 December 2017	(3,053,203)	(670,559)
Amortization charges (with effect on the profit and loss account)	(377,958)	(129,881)
Recovery of depreciation (without effect on the profit and loss account)	181,488	230,347
Cumulative value adjustments as of 31 December 2018	(3,249,673)	(570,093)
Net carrying amount as of 31 December 2018	385,691	63,356

Note 4 – Shares and other variable income securities and shares in mutual funds

This item is broken down as follows:

	2018 EUR	2017 EUR
Acquisition costs	544,859	6,219,159
Cumulative value adjustments	(27,014)	(3,944)
Net carrying amount	517,845	6,215,215
Present value	528,360	6,340,034

Note 5 – Bonds and other fixed income securities

	2018 EUR	2017 EUR
Acquisition costs	358,101,495	348,930,548
Redemption value	353,944,582	351,342,943
Net carrying amount	347,395,349	340,701,235
Accrued interest not yet due	3,882,864	3,904,874
Market value	357,287,635	356,400,660

On 31 December 2018, some of the securities are recorded at a higher book value than their fair value. The book value was not adjusted because the loss in value was not deemed permanent:

Net carrying amount	89,945,731	90,107,296
Market value	86,708,204	89,153,410

The value that has not yet been amortized of the positive difference (premiums) between the acquisition cost and their redemption price represents an amount of EUR 19,519,593 as of 31 December 2018 (2017 : EUR 22,160,875).

The negative difference (discounts) between the acquisition cost of the bonds and their redemption price breaks down as follows between the amounts recorded and not recorded in the profit and losses account:

	2018 EUR	2017 EUR
Discounts recorded in the profit and loss account for the year ended	385,051	323,587
Discounts which have not yet been recorded in the profit and loss account	1,370,307	1,500,988

Note 6 – Equity

Subscribed capital

On 31 December 2018, the subscribed capital of the Company amounted to EUR 48,222,846 and is represented by 3,151,820 shares of a nominal value of EUR 15.30, fully paid up.

The movements for the period in owners' equity in 2018 can be summarized as follows:

	Subscribed Capital EUR	Share premium amount EUR	Legal reserve EUR	Special reserve EUR	Profit brought forward EUR	Profit for the fiscal year EUR
Balance as of 31 December 2017	48,222,846	24,494,913	4,822,285	20,936,600	46,883,900	24,662,273
Transfer of reserves	-	-	-	(99,175)	99,175	-
Dividend	-	-	-	-	(337,727)	(24,662,273)
Profit for the fiscal year	-	-	-	-	-	24,778,298
Balance as of 31 December 2018	48,222,846	24,494,913	4,822,285	20,837,425	46,645,348	24,778,298

Legal reserve

In accordance with Luxembourg law, 5% of the year's profit must go to a legal reserve until this reserve reaches 10% of the share capital. This reserve is not available for dividend distribution.

Special reserve

In accordance with tax legislation in force, the Company reduced its wealth tax liability. In order to conform to current legal requirements, the Company decided to allocate an amount corresponding to five times the reduced wealth tax liability to a blocked reserve. This reserve will be unavailable for five years from the year following that during which the Wealth Tax was assigned.

Contributions to the reserve can be broken down as follows:

EUR	3,017,950 profit for 2013
EUR	4,130,425 for the financial year 2014/2015
EUR	4,146,475 for the financial year 2015
EUR	4,923,150 for the financial year 2016
EUR	4,619,425 for the financial year 2017
EUR	20,837,425

Note 7 – Subordinated liabilities

Date of the transaction	Issuer of the loan	Amount (EUR)	Maturity	Rate
19/05/2004	Société Générale Bank & Trust	6,750,000	undetermined	Euribor 12 M + 0,70%
19/05/2004	Société Générale Bank & Trust	2,250,000	15 years	Euribor 12 M + 0.60%
31/07/2006	Société Générale Bank & Trust	2,250,000	undetermined	Euribor 12 M + 0.70%
31/07/2006	Société Générale Bank & Trust	750,000	15 years	Euribor 12 M + 0.60%
29/05/2008	Société Générale Bank & Trust	6,000,000	undetermined	Euribor 12 M + 2.80%
29/05/2008	Société Générale Bank & Trust	2,000,000	15 years	Euribor 12 M + 1.80%
10/08/2009	Société Générale Bank & Trust	11,250,000	undetermined	Euribor 12 M + 5.50%
10/08/2009	Société Générale Bank & Trust	3,750,000	15 years	Euribor 12 M + 2.15%
30/12/2009	Société Générale Bank & Trust	3,750,000	undetermined	Euribor 12 M + 3.50%
31/12/2009	Société Générale Bank & Trust	1,250,000	15 years	Euribor 12 M + 1.50%
30/03/2010	Société Générale	11,850,000	undetermined	Euribor 6 M + 2.90%
30/03/2010	Société Générale	3,950,000	15 years	Euribor 6 M + 1.45%
30/09/2010	Société Générale	11,250,000	undetermined	Euribor 6 M + 4.063%
30/09/2010	Société Générale	3,750,000	15 years	Euribor 6 M + 1.9056%
26/06/2013	Sogecap	5,250,000	undetermined	9.13%
26/06/2013	Sogecap	1,750,000	15 years	5.90%
23/12/2013	Sogecap	5,250,000	undetermined	10.91%
23/12/2013	Sogecap	1,750,000	15 years	5.33%
27/06/2014	Sogecap	17,250,000	undetermined	8.16%
27/06/2014	Sogecap	5,750,000	15 years	4.35%
23/12/2014	Sogecap	13,500,000	undetermined	4.865%
23/12/2014	Sogecap	4,500,000	11 years	3.85%
Total		**125,800,000**		

At December 31, 2018, total accrued interest on subordinated debt recorded under subordinated liabilities in the balance sheet stood at EUR 1,837,922 (2017: EUR 1,838,346).

Note 8 – Transactions with related companies

As of 31 December 2018, the items in the following balance sheet include the operations carried out with related companies:

	2018 EUR	2017 EUR
Balance sheet assets:		
Reinsurers' share of technical provisions	6,429,917,096	6,077,377,894
Receivables from reinsurance transactions	6,462	6,409
Receivables from insurance transactions	-	327,524
Cash deposits	9,014,620	155,903,401
Deposits with credit institutions	77,059,000	80,162,000
Accrued interest with credit institutions	138,633	191,176
Balance sheet liabilities:		
Subordinated loans	125,800,000	125,800,000
Accrued interest on subordinated loans	1,837,922	1,838,346
Life insurance provision (acceptance and reinsurance)	16,923,088	16,689,548
Direct insurance liabilities	3,128,187	3,837,019
Debts from reinsurance transactions	27,137,474	73,035,051
Other debts	2,587,975	2,293,543

Note 9 – Breakdown of gross written premiums

Gross written premiums can be broken down as follows:

	2018 EUR	2017 EUR
Individual premiums	1,353,282,016	994,402,151
Group premiums	-	-
Premiums accepted	1,956,934	5,159,747
	1,355,238,950	999,561,898

Breakdown of gross written premiums (excluding acceptance in reinsurance) between periodic premiums and single premiums can be broken down as follows:

Periodic premiums	-	-
Single premiums	1,353,282,016	994,402,151

The breakdown of gross written premiums (excluding acceptance in reinsurance) between contracts with or without shares in profit and contracts when the placement risk is borne by the subscribers can be broken down as follows:

	2018 EUR	2017 EUR
Premiums on policies without share in profits	-	-
Premiums on policies with share in profits	712,817,706	461,414,430
Premiums on policies when the investment risk is borne by subscribers	640,464,310	532,987,721
	1,353,282,016	994,402,151

Geographical distribution of gross written premiums is as follows:

	2018 EUR	2017 EUR
Luxembourg	67,385,149	22,975,445
Other EU countries	1,005,603,158	760,961,897
Other countries	282,250,643	215,624,556
	1,355,238,950	999,561,898

Note 10 – Commissions for direct insurance

Commissions paid to various intermediary entities amount to EUR 25,381,008 (2017: EUR 25,083,907) and can be broken down as follows :

	2018 EUR	2017 EUR
Acquisition costs	574,994	908,132
Other commissions (included in the administration costs)	24,806,014	24,175,775
	25,381,008	25,083,907

Note 11 – Reinsurance balance

The reinsurance balance is as follows:

	2018 EUR	2017 EUR
Premiums ceded to reinsurers	(756,990,188)	(363,584,764)
Income from other investments	64,699,853	66,317,615
Reinsurers share in claim charges	575,182,864	1,146,156,683
Change in the reinsurers' share of technical provisions	347,931,425	(732,532,407)
Change in the share of reinsurers in claim charges	3,999,499	12,551,274
Commissions ceded to reinsurers	(5,909,823)	(6,062,579)
	228,913,630	122,845,822

The reinsurance balance is mainly due to withdrawals and entries, made on a guaranteed rate relating to the existing reinsurance contracts with Sogecap, a majority shareholder of the Company. The purpose of these contract is the reinsurance of the policies invested in Euros and whose risk is borne by the Company.

Sogecap has given financial instruments (government bonds) for the benefit of the Company for an amount at least equivalent to the liabilities.

Technical interests and other financial products relates to the reinsurance treaties are filled in as products from other investments.

Note 12 – Personnel

The Company employed 114 people on average during the year ended (2017 : 96 people) including 1 manager, 22 executives and 91 employees.

Personnel expenses can be broken down as follows:

	2018 EUR	2017 EUR
Wages and salaries	9,117,576	7,855,147
Social security contributions	1,412,805	1,267,827
Including social security contributions relating to pensions	348,983	320,396
	10,530,381	9,122,974

No compensation was paid to members of the Board of Directors. Article 83.7 of the law modified on 8 December 1994 was exercised with regard to other compensation. No loans were issued to members of the Board of Directors.

Note 13 – Taxes

The Company is subject to all the taxes to which *Sociétés Anonymes* (corporations) are liable for.

The amounts of taxes to be paid are included in the item “other debts.”

Note 14 –Conversion rates

The exchange rates used for the preparation of balance sheets on 31 December 2017 and 31 December 2018 are as follows:

	2018 EUR	2017 EUR
US dollars	1.1450	1.1993
Pound Sterling	0.89453	0.88723

Note 15 – Consolidation

The financial statements of the company are included in the consolidated accounts of Sogecap whose registered address is located at Tour D2 - 17 bis, place des Reflets - 92919 Paris La Défense Cedex, which draws up the consolidated accounts, being the smallest group of companies to which the company belongs as a subsidiary.

The financial statements of the company are included in the consolidated accounts of Société Générale, whose registered address is located at Tour Société Générale, F-92972 Paris La Défense Cedex, which draws up the consolidated accounts, being the largest group of companies to which the company belongs as a subsidiary.

The consolidated accounts are available at these addresses.

Note 16 – Statutory Auditor's fees

Category of fees for the financial year:

	2018 EUR	2017 EUR
Auditing of annual accounts (excluding VAT)	76,300	64,960

Note 17 –Off-balance-sheet

Securities

Sogecap has given a financial instruments account which was opened in the books of Société Générale in which were registered as of 31 December 2018 financial instruments for a stock price of EUR 6.999.558.050 for the benefit of SOGELIFE as a guarantee of the timely payment of the sums owed as part of a reinsurance contract binding the two parties. The total value of pledges amounts to EUR 6,999.558,323 for all reinsurers.

Collateral received

On 31 December 2018, Société Générale Bank & Trust issued a guarantee of payment for a market value price of EUR 3,043,490 for the benefit of the Company. This guarantee covers the payment default of a financial asset present in the other financial investments of the Company.

INFORMATION DOCUMENT - JUNE 2019
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