

SOGELIFE



ANNUAL
REPORT
2017



SOCIETE GENERALE GROUP

BUILDING TEAM SPIRIT
TOGETHER

ANNUAL
REPORT
2017

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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

	2017	2016
	(EN M€)	(EN M€)
Premium income	999	1,379
Mathematical reserves	9,193	9,240
In-force policies	7,539	7,777
Solvency margin	219%	189%
Shareholders' equity	272.9	271.2
Net profit	24.6	24.6
Employees	96	92

BOARD OF DIRECTORS, SOGELIFE CORPORATE GOVERNANCE

BOARD OF DIRECTORS

CHAIRMAN

Philippe PERRET

CHIEF EXECUTIVE OFFICER

Jean ELIA

DIRECTORS

Pascal BIED-CHARRETON
Daniel JOST
Martine LASSEGUES
Bruno LEBRE
Olivier PACCALIN
Philippe PERRET

SOGECAP S.A.
represented by
Philippe PERRET

SOCIETE GENERALE BANK & TRUST
represented by
Véronique DE LA BACHELERIE

GENERAL MANAGEMENT

GENERAL MANAGER

Jean ELIA

AUDITORS

ERNST & YOUNG S.A.
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 24 APRIL 2017

Dear Shareholders,

It is with pleasure that we present you with an account of SOGELIFE S.A. trading during the year ended 31 December 2017 and hereby submit the income statement and balance sheet for your approval.

ECONOMIC ENVIRONMENT

2017 ended on a strong economic footing, with global growth at 3.2% based – as in 2016 – on the low level of real interest rates and an increase in total payroll.

Emerging economies contributed to this growth, notably on the back of monetary easing by the central banks (Brazil, Russia, India, Indonesia).

World trade, which rose by over 3% during the year, drew on stimulus from China (tax rebates on car purchases, public investments) through to spring 2017, as well as on sustained domestic demand from developed and emerging economies.

Inflation did not feature large in 2017. Although consumer prices rose slightly more than in 2016, core inflation held firm in the euro zone and even dropped in the United States.

One of the year's surprises was the under performance of the dollar, linked to a cautious move by the US Federal Reserve to raise interest rates.

Bond performance was more disappointing overall. Despite an improvement in leading indicators, the lack of inflation and still accommodative monetary policies contributed to a flattening of the yield curve.

There was a fairly dramatic upswing in asset prices, however. Real estate assets significantly exceeded the record highs of 2006, in the euro zone, the UK and the US, and global market capitalisation experienced its sharpest upsurge since 2009 (+22.5% between December 2016 and 2017). Share indices chalked up numerous records, especially in the US where the NASDAQ technology sector index gained +28.4%, and Japan where the stock market enjoyed its best performance in 25 years with the Nikkei index up by 19.10%. European equity performance (+6.49% for the Eurostoxx50) fell short, notably due to a lower proportion of technology stocks.

2017 ACTIVITY

The Luxembourg life insurance market gained 15% in 2017, largely thanks to unit-linked insurance products, which jumped by 28%.

In this climate of still extremely low interest rates there was naturally a dip in euro contract inflows (11%).

Sogelife thus continued its efforts to rebalance its business mix by adapting the access conditions for euro funds, whilst at the same time promoting its unit-linked product offering through new solutions adapted to clients' needs.

Inflow from euro contracts fell 40% generating a drop in total revenues (-28%), but Sogelife succeeded in maintaining a significant inflow of unit-linked products (EUR 533m), which exceeded euro contracts (54%) for the first time.

With a year-on-year increase of 6 points, unit-linked products now represent a third of total business.

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

- Share capital at year end amounted to EUR 48,222,846 and is held by Sogecap (60.10%) and SGBT (39.90%).
- Subordinated loans (nominal amount) remained at EUR 125,800,000. There was no change in 2017.

INCOME STATEMENTS

2017 premium income before reinsurance amounted to EUR 999,561,898 up from EUR 1,378,768,225 in 2016. Around 66% was earned with non-Group customers testifying to the trust and interest in our products by several reputable financial institutions.

2017 investment income including underlying financial income and capital gains – largely comprising sale of assets backing unit-linked policyholder liabilities, amounted to EUR 234,142,074 up from EUR 204,850,906 in 2016.

Changes in our technical liabilities net of reinsurance in 2017 resulted in a technical reserve charge of EUR 355,968,888 (compared to a EUR 462,902,184 charge in 2016) to which should be added EUR 63,256,549 profit sharing (down from EUR 93,278,670 in 2016).

Operating expenses are apportioned by usage in accordance with current accounting principles. An analysis by type reveals that commission paid to business producers amounted to EUR 25,083,907 (compared to EUR 24,269,169 in 2016) and that general expenses amounted to EUR 15,221,038 (against EUR 13,250,122 in 2016).

Taking into account all income and expenses, the technical account produced a surplus of EUR 36,266,610 entirely derived from insurance business, against a surplus of EUR 37,000,071 in 2016.

After non-technical earnings, which mainly consist of net unallocated investment income (- EUR 2,352,666) and corporation tax (- EUR 9,251,671), 2017 confirms a high level of profit of EUR 24,662,273.

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF 24 APRIL 2017

PROPOSED EARNINGS DISTRIBUTION

We propose apportioning 2017 earnings of EUR 24,662,273 as follows:

- Appropriation of EUR 4,619,425 to non-distributable reserves
- Transfer of EUR 2,333,450 from non-distributable reserves in 2011
- Transfer of EUR 2,485,150 from non-distributable reserves allocated in 2012.
- Transfer of EUR 238,522 from retained earnings (aggregate amount of EUR 46,645,348)
- Dividend payment of EUR 25,000,000 to our shareholders

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 923,885 x 5 for 2017) and remains undistributable for 5 years.

Consequently, shareholders' equity and subordinated liabilities of the company now total EUR 272,661,163.

BALANCE SHEET

The resulting balance sheet total amounts to EUR 9,595,415,260 against EUR 9,813,075 for the previous year.

The market value of the company's assets under management by SOGELIFE amounted to EUR 3,382,029,791 in 2017 against EUR 2,879,683,199 in 2016. 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 65% et 35% (compared to 57% et 43% in 2016).

OUTLOOK

Sogelife intends continuing 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 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 2017 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 2017, 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 2017 as presented herein, approve the proposed earnings appropriation and approve the action of the Board of Directors and that of the auditors.

Philippe PERRET
Chairman of the Board of Directors

SOGELIFE
risk analysis

SOGELIFE RISK ANALYSIS AS AT 31 DECEMBER 2017

PRESENTATION OF THE MAIN RISKS GENERATED BY SOGELIFE ACTIVITIES

SOGELIFE has undertaken risk mapping and this details 74 risks. A risk categorisation table, split into 10 categories, has been put in place within the company in compliance with Group principles.

Action plans have been drawn up (focusing on stronger controls and procedures) and implemented so as to ensure dynamic and responsive risk management.

1. Operating risks (category 7.)

Operating risks represent the majority of risks identified in the risk mapping carried out by Sogelife.

In order to control operational risks, Sogelife has implemented an independent business line organisation within its General Secretariat, grouping together the Compliance, Legal and Internal Control departments. These departments are attached to the central divisions of Sogecap's General Secretariat, which ensures the consistency and efficiency of the Group's control mechanism. Dashboards are also presented to Sogecap each quarter.

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 operational risks that might arise from non-compliance with regulatory and legislative changes (risks linked to the introduction of new laws and regulations and their application), the Company's Compliance and Legal departments keep abreast of changes through the usual media sources (press, internet, seminars, etc.), as well as through the specialist committees of the Association des Compagnies d'Assurance (Association of Insurance Companies).

To guarantee the compliance of its products and business activities, Sogelife also uses the services of external lawyers specialised in the markets on which Sogelife sells its products.

This mechanism and 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.

2. Market risks (category 1.)

Exposure to market risk is low since 64% of assets are reinsured to SOGECAP, 31% of assets are assumed by policyholders and the remaining 5% 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. Reputational risk (category 10.)

This mainly involves image risks associated with non-compliance with KYC measures and transaction controls, and shortcomings in supervising outsourced activities.

The company has an audit plan which includes annual checks on AML/CFT activities. An outsourcing policy has been adopted to ensure that these activities are correctly supervised. The company is also committed to ensuring a high quality of service, in particular as regards compliance with processing deadlines.

4. Strategic and governance risks (category 8.)

The risk in this area is low because of the strong governance measures implemented by Societe Generale Group's 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 meet on a regular basis: Board of Directors, financial committees, and regular budgetary updates, as well as audit, internal control and risk committees (CACIR).

Furthermore, the Company has put in place a project management procedure that complies with the Group's current standards.

Cross-cutting regulatory projects are also supervised by the Société Générale Group's insurance business line.

APPENDIX TO THE RISK ANALYSIS

SOLVENCY II, PILAR 1

1. Market risks

- 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
 - 1.2.2 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 risks

- 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 risks

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

4. Life underwriting risks

- 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 risks

- 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 risks

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

7. Operational risks

- 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 TO THE RISK ANALYSIS

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 risks

10.1 Image risk (internal factors)

10.2 Image risk (external factors)

REPORT
by certified
company
auditors

REPORT BY CERTIFIED COMPANY AUDITORS TO THE SHAREHOLDERS OF SOGELIFE S.A. LUXEMBOURG

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2017, 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 2017, 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 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 of the current 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

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 2,935 million, i.e., 31% of the total balance sheet. Among these investments, EUR 77 million, or 2.6%, are represented by unlisted assets.

We consider that the procedures applicable for the acceptance, monitoring, inventory and valuation of unlisted assets contained in the investments held on behalf of life insurance policyholders where the risk is borne by them is a key audit matter insofar as:

- the unlisted assets included in the life insurance policies require an acceptance, valuation and monitoring procedure that involves a significant level of judgement;
- there was significant variation in the amount of unlisted assets in 2017 (-49%).

How this matter was addressed in our audit:

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 of periodic procedures and controls in place within the Company in terms of the acceptance, monitoring, inventory and valuation of unlisted assets, in order to establish that these procedures and controls were performed regularly during the year;
- Tests of detail concerning unlisted assets accepted in 2017;
- Tests of detail concerning material changes in the amounts of unlisted assets resulting from a change in pricing variables or in the event of arbitrations and buybacks;
- Tests of detail concerning a sample of unlisted assets present in the dedicated funds at the balance sheet date in relation to the consistency of valuation methods, the updating of documents and the scenarios used;
- We verified that the valuation principles used are in keeping with the provisions of the amended law of 8 December 1994 on the financial statements of insurance companies established in Luxembourg.

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 is to read 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.

REPORT BY CERTIFIED COMPANY AUDITORS TO THE SHAREHOLDERS OF SOGELIFE S.A. LUXEMBOURG

Responsibilities of the certified auditors

Our objectives are to obtain reasonable assurance that the financial statements as a whole do not contain any material misstatements whether from fraud or error and to issue a certified report containing 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 that users of financial statements take 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 contain 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 attention of readers of our report 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 2017, and the total uninterrupted duration of our engagement, including reappointments and renewals, is 16 years.

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

We confirm that our audit opinion complies with the content of the additional report intended for the Audit Committee or equivalent body.

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.

Ernst & Young
Société Anonyme (corporation)
Statutory Auditors

Nicolas Bannier

Luxembourg, 24 April 2018



FINANCIAL
STATEMENTS
as at
31.12.2017

BALANCE SHEET

FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

ASSETS		2017	2016
	Notes	EUR	EUR
INTANGIBLE ASSETS	3	541,072	792,946
INVESTMENTS			
OTHER INVESTMENTS			
Equities and other variable interest securities and shares in mutual funds (FCPs)	4	6,215,215	18,751,015
Bonds and other fixed interest securities	5	344,606,109	354,568,416
Deposits with credit institutions	8	80,353,176	84,317,909
		431,174,500	457,637,340
INVESTMENTS HELD ON BEHALF OF LIFE INSURANCE POLICYHOLDERS WHERE THE RISK IS BORNE BY THEM		2,935,031,047	2,492,891,992
REINSURERS' SHARE IN TECHNICAL RESERVES			
Life insurance reserves	8	5,846,851,147	6,560,758,915
Outstanding claims reserves		32,443,897	19,892,623
Profit-sharing provision		198,691,442	217,316,081
		6,077,986,486	6,797,967,619
RECEIVABLES			
Insurance business receivables from insurance intermediaries	8	2,258,656	2,651,256
Reinsurance business receivables		15,052	12,668,425
Other receivables		1,233,250	898,256
		3,506,958	16,217,937
OTHER ASSETS			
Tangible assets	3	195,065	325,539
Cash at bank and on hand	8	146,218,102	47,158,325
		146,413,167	47,483,864
ACCRUAL ACCOUNTS			
Deferred acquisition costs		27,392	61,827
Accrued income		734,638	21,542
		762,030	83,369
TOTAL ASSETS		9,595,415,260	9,813,075,067

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

BALANCE SHEET

FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

LIABILITIES AND EQUITY	Notes	2017 EUR	2016 EUR
SHAREHOLDERS' EQUITY			
	6		
Issued share capital		48,222,846	48,222,846
Share premium account		24,494,913	24,494,913
Statutory reserve		4,822,285	4,822,285
Special reserve		20,936,600	17,379,350
Retained earnings		46,883,900	50,790,731
Profit/(loss) for the year		24,662,273	24,650,419
		170,022,817	170,360,544
SUBORDINATED LIABILITIES			
	7, 8	127,638,346	127,665,009
TECHNICAL RESERVES			
Life insurance reserves	8	6,010,189,763	6,747,001,563
Outstanding claims reserves		43,043,813	26,702,328
Profit-sharing and rebate provision		205,099,726	223,733,950
		6,258,333,302	6,997,437,841
LIFE INSURANCE TECHNICAL RESERVES WHERE THE RISK IS BORNE BY THE POLI- CYHOLDER			
		2,935,031,047	2,492,891,992
PROVISIONS FOR OTHER RISKS AND CHARGES			
Provisions for pensions and similar obligations		562,508	615,392
Other provisions		2,029,925	1,958,126
		2,592,433	2,573,518
PAYABLES			
Direct insurance business payables	8	10,463,588	8,711,062
Reinsurance business payables	8	73,035,518	695
Other payables including tax payables	8, 13	14,565,264	10,071,839
		98,064,370	18,783,596
ACCRUAL ACCOUNTS			
		3,732,945	3,362,567
TOTAL LIABILITIES		9,595,415,260	9,813,075,067

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

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

LIFE INSURANCE TECHNICAL ACCOUNT	Notes	2017 EUR	2016 EUR
EARNED PREMIUMS, NET OF REINSURANCE			
Gross written premiums	9	999,561,898	1,378,768,225
Premiums ceded to reinsurers	11	(363,584,764)	(741,502,081)
		635,977,134	637,266,144
INVESTMENT INCOME			
OTHER INVESTMENT INCOME			
Other investment income	11	126,723,318	114,430,004
Gains on sale of investments		107,418,756	90,420,902
		234,142,074	204,850,906
UNREALISED INVESTMENT GAINS		238,901,610	186,284,918
OTHER TECHNICAL INCOME, NET OF REINSURANCE	14	21,885	12,362
CLAIMS INCURRED, NET OF REINSURANCE			
AMOUNTS PAID			
Gross		(1,370,997,219)	(891,834,226)
Reinsurers' share	11	1,146,156,683	734,371,277
		(224,840,536)	(157,462,949)
CHANGE IN OUTSTANDING CLAIMS RESERVE			
Gross		(16,341,485)	12,290,095
Reinsurers' share	11	12,551,274	(13,741,886)
		(3,790,211)	(1,451,791)
		(228,630,747)	(158,914,740)
CHANGE IN OTHER TECHNICAL RESERVES, NET OF REINSURANCE			
LIFE INSURANCE RESERVES			
Gross		294,672,745	(663,111,218)
Reinsurers' share	11	(732,532,407)	129,210,952
		(437,859,662)	(533,900,266)
OTHER TECHNICAL RESERVES, NET OF REINSURANCE		81,890,774	70,998,082
		(355,968,888)	(462,902,184)
PROFIT SHARING AND REBATES, NET OF REINSURANCE		(63,256,549)	(93,278,670)
NET OPERATING EXPENSES			
Acquisition costs	10	(1,925,642)	(1,947,928)
Change in deferred acquisition costs		(34,435)	(64,848)

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

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

LIFE INSURANCE TECHNICAL ACCOUNT (continued)	Notes	2017	2016
		EUR	EUR
NET OPERATING EXPENSES (CONTINUED)			
Administration expenses	10	(35,927,603)	(33,831,669)
Commission paid to reinsurers	11	(6,062,579)	(6,501,709)
		(43,950,259)	(42,346,154)
INVESTMENT EXPENSES			
Investment expenses including interest charges		(22,838,138)	(22,532,025)
Losses on sale of investments		(62,833,144)	(82,398,659)
		(85,671,282)	(104,930,684)
UNREALISED INVESTMENT LOSSES		(297,458,149)	(130,435,913)
OTHER TECHNICAL EXPENSES, NET OF REINSURANCE	14	(192,885)	(478,101)
ALLOCATED INVESTMENT EXPENSES TRANSFERRED TO NON-TECHNICAL ACCOUNT		2,352,666	1,872,187
PROFIT/(LOSS) ON LIFE INSURANCE TECHNICAL ACCOUNT		36,266,610	37,000,071
NON-TECHNICAL ACCOUNT			
	Notes	2017	2016
		EUR	EUR
PROFIT/(LOSS) ON LIFE INSURANCE TECHNICAL ACCOUNT		36,266,610	37,000,071
ALLOCATED INVESTMENT INCOME TRANSFERRED FROM LIFE INSURANCE TECHNICAL ACCOUNT		(2,352,666)	(1,872,187)
CORPORATION TAX ON ORDINARY ACTIVITIES		(9,250,083)	(10,452,026)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX		24,663,861	24,675,858
OTHER TAXATION NOT INCLUDED IN THE ABOVE ITEMS		(1,588)	(25,439)
PROFIT/(LOSS) FOR THE YEAR		24,662,273	24,650,419

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

NOTES
to the
financial
statements
at 31.12.2017

NOTES

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 July 22, 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.

Some items in the annual accounts at 31 December 2016 have been reclassified for ease of comparison.

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.

NOTES

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

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. Frais d'acquisition

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.

NOTES

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.

NOTE 3 - TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets changed as follows in 2017:

	INTANGIBLE ASSETS	TANGIBLE ASSETS
	EUR	EUR
Cost at 31 December 2016	3,379,519	865,624
Acquisitions during the year	214,756	—
Disposals during the year	—	—
Cost at 31 December 2017	3,594,275	865,624
Accumulated value adjustments at 31 December 2016	(2,586,573)	(540,085)
Depreciation, amortisation and impairment (taken to the income statement)	(466,630)	(130,474)
Depreciation, amortisation and impairment written back (not taken to the income statement)	—	—
Aggregate value corrections as at 31 December 2017	(3,053,203)	(670,559)
Net book value at 31 December 2017	541,072	195,065

NOTE 4 - EQUITIES AND OTHER VARIABLE INTEREST SECURITIES AND SHARES IN MUTUAL FUNDS (FCPS)

This line breaks down as follows:

	2017	2016
	EUR	EUR
Purchase cost	6,219,159	18,756,070
Accumulated value adjustments	(3,944)	(5,055)
Net book value at balance sheet date	6,215,215	18,751,015
Market value	6,340,034	18,860,368

NOTES

NOTE 5 - BONDS AND OTHER FIXED INTEREST SECURITIES

	2017	2016
	EUR	EUR
Purchase cost	348,930,548	357,499,172
Realisable value	351,342,943	327,909,086
Net book value	340,701,235	350,180,229
Accrued interest	3,904,874	4,388,187
Market value	356,400,660	367,930,839

At 31 December 2017, 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	90,107,296	87,298,035
Market value	89,153,410	85,683,863

At 31 December 2017 the remaining balance of purchase cost of bonds exceeded realisable value by EUR 22,160,875 (2016: EUR 24,121,327).

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

	2017	2016
	EUR	EUR
Impairment posted to earnings for the year	323,587	390,646
Impairment not yet posted to earnings	1,500,988	1,872,793

NOTE 6 - SHAREHOLDERS' EQUITY

Issued share capital

As at 31 December 2017, 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 2017 break down as follows:

	Issued Share Capital	Share Premium account	Statutory Reserve	Special Reserve	Profit Retained	Earnings for the year
	EUR	EUR	EUR	EUR	EUR	EUR
Balance at 31 December 2016	48.222.846	24.494.913	4.822.285	17.379.350	50.790.731	24.650.419
Earnings appropriation	—	—	—	—	—	—
Transfer of reserve	—	—	—	3.557.250	(3.557.250)	—
Capital increase	—	—	—	—	—	—
Dividends	—	—	—	—	(349.581)	(24.650.419)
Profit for the year	—	—	—	—	—	24.662.273
Balance at 31 December 2017	48.222.846	24.494.913	4.822.285	20.936.600	46.883.900	24.662.273

NOTES

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.

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	2,233,450	for the year 2011
EUR	2,485,150	for the year 2012
EUR	3,017,950	for the year 2013
EUR	4,130,425	for the years 2014/2015
EUR	4,146,475	for the year 2015
EUR	4,923,150	for the year 2016

EUR 20,936,600

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 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 27 May 2008, SOCIETE GENERALE BANK & TRUST granted the Company a sixth 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 06 August 2009, SOCIETE GENERALE BANK & TRUST granted the Company a seventh 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 06 August 2009, SOCIETE GENERALE BANK & TRUST granted the Company an eighth 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 30 December 2009, SOCIETE GENERALE BANK & TRUST granted the Company a ninth 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.

On 30 December 2009, SOCIETE GENERALE BANK & TRUST granted the Company a tenth 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 March 2010, SOCIETE GENERALE granted the Company an eleventh 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 March 2010, SOCIETE GENERALE granted the Company a twelfth 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.

NOTES

On 30 September 2010, SOCIETE GENERALE granted the Company a thirteenth 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 30 September 2010, SOCIETE GENERALE granted the Company a fourteenth 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 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%.

At December 31, 2017, total accrued interest on subordinated debt recorded under subordinated liabilities in the balance sheet stood at EUR 1,838,346 (2016: EUR 1,865,009).

NOTE 8 - TRANSACTIONS WITH OTHER GROUP COMPANIES

As at 31 December 2017 the following balance sheet accounts contained transactions with other group companies:

	2017	2016
	EUR	EUR
ASSETS:		
Share of reinsurers in technical reserves	6,077,377,894	6,795,401,670
Reinsurance business receivables	6,409	13,648,582
Other receivables	327,524	—
Cash at bank	155,903,401	37,902,776
Deposits with credit institutions	80,162,000	84,042,915
Accrued interest and rent	191,176	274,994
LIABILITIES AND EQUITY:		
Subordinated loans	127,638,346	127,665,009
Life insurance reserves (inwards reinsurance)	16,689,548	15,052,703
Direct insurance business payables	3,837,019	2,668,671
Reinsurance liabilities	73,035,051	188,558
Other payables	2,293,543	1,684,974

NOTES

NOTE 9 - BREAKDOWN OF GROSS WRITTEN PREMIUM

Gross written premiums break down as follows:

	2017	2016
	EUR	EUR
Individual business premiums	994,402,151	1,372,676,409
Group policy premiums	—	—
Accepted premiums	5,159,747	6,091,816
	999,561,898	1,378,768,225

The breakdown of gross premiums written (excluding reinsurance acceptances) between periodic premiums and single premiums is as follows:

	2017	2016
	EUR	EUR
Periodic premiums	—	—
Single premiums	994,402,151	1,372,676,409
	994,402,151	1,372,676,409

The breakdown of gross premiums written (excluding reinsurance acceptances) between participating and non-participating policies and policies where the investment risk is born by policyholders is as follows:

	2017	2016
	EUR	EUR
Non profit sharing policy premiums	—	—
Profit sharing policy premiums	461,414,430	769,109,647
Premiums from policies with investment risk borne by policyholders	532,987,721	603,566,762
	994,402,151	1,372,676,409

The regional breakdown of gross written premium is as follows:

	2017	2016
	EUR	EUR
Luxembourg	22,975,445	49,864,891
Other EU countries	760,961,897	808,113,562
Other countries	215,624,556	520,789,772
	999,561,898	1,378,768,225

NOTES

NOTE 10 - DIRECT INSURANCE BUSINESS COMMISSIONS

Commissions paid to intermediaries amounted to EUR 25,083,907 (2016: EUR 24,269,169) and break down as follows:

	2017	2016
	EUR	EUR
Acquisition costs	908,132	766,549
Other commissions (included under administrative expenses)	24,175,775	23,502,620
	25,083,907	24,269,169

NOTE 11 - REINSURANCE BALANCES

Reinsurance balances break down as follows:

	2017	2016
	EUR	EUR
Premiums ceded to reinsurers	(363,584,764)	(741,502,081)
Other investment income	66,317,615	67,439,475
Reinsurers' share in claims	1,146,156,683	734,371,277
Change in reinsurers' share in technical reserves	(732,532,407)	129,210,952
Change in reinsurers' share in outstanding claims reserves	12,551,274	(13,741,886)
Commission paid to reinsurers	(6,062,579)	(6,501,709)
	122,845,822	169,276,028

The changes in reinsurance balances in 2017 compared to 2016 was mainly due to new transfers in and out of the guaranteed rate sub-fund, which affected the existing reinsurance treaties with Sogécap, 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.

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 96 staff (2016: 92) i.e. 1 CEO, 17 managers and 78 other staff. Staff costs were as follows:

	2017	2016
	EUR	EUR
Salaries and benefits	7,855,147	7,463,935
Social security charges	1,267,827	1,175,035
Social security charges including pension contributions	320,396	250,515
	9,122,974	8,638,970

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

NOTE 13 - TAX

The Company is subject to all taxes that apply to Société 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 2016 and 31 December 2017 were as follows:

	2017	2016
	EUR	EUR
United States Dollar	1.1993	1.0541
Pound Sterling	0.88723	0.85618

NOTE 16 - CONSOLIDATION

The Company's financial statements are consolidated by Sogecap, whose registered office is at Tour D2 - 17 bis place des Reflets - 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 D2 - 17 bis place des Reflets - 92919 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:

	2017	2016
	EUR	EUR
Financial statements audit (before VAT)	64,960	56,058

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 2017, financial instruments with a market value of EUR 6,977,565,765 were held on this account.

The total value of all pledges arose to EUR 6.978.782.082 for the reinsurance industry.

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PRESS RELATIONS

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

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SOCIETE GENERALE GROUP

BUILDING TEAM SPIRIT
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