

SOGELIFE



ANNUAL
REPORT
2016



SOCIETE GENERALE GROUP

BUILDING TEAM SPIRIT
TOGETHER

ANNUAL
REPORT
2016

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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

	2016	2015
	(IN M€)	(IN M€)
Premium income	1,379	1,024
Mathematical reserves	9,240	8,577
In-force policies	7,777	7,837
Solvency margin	189%	109.9%
Shareholders' equity	271.2	271.5
Net profit	24.6	22.2
Employees	92	87

BOARD OF DIRECTORS, SOGELIFE CORPORATE GOVERNANCE

BOARD OF DIRECTORS

CHAIRMAN

Marc DUVAL

GENERAL MANAGEMENT

GENERAL MANAGER

Jean ELIA

AUDITORS

ERNST & YOUNG S.A.
35E, avenue John F. Kennedy
L-1855 Luxembourg

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

REPORT
of the Board of
Directors

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF 25 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 2016 and hereby submit the income statement and balance sheet for your approval.

ECONOMIC ENVIRONMENT

2016 was a volatile year overall due to a series of unexpected events. The first few months of the year were dominated by the Chinese economic slowdown. Brexit, the endless discussions about European integration and Donald Trump's election as the President of the United States also significantly contributed to the prevalent uncertainty. However, despite these events – the impact of which will continue to be felt in 2017 – the markets fared fairly well.

During the first eleven months of the year, the global equity market generated a return of 8%

On the other side of the Atlantic, the US stock market (S&P 500) generated a return of 12% in 2016, while in Brazil the return was as high as 65%, reflecting the relief felt by markets following the political developments in the country.

In Europe, the markets were bolstered by the policies of the European Central Bank and the favourable economic environment (both oil prices and the euro remained low). The European equity markets posted good performances in 2016, with the CAC 40 gaining 8.8% and the Eurostoxx 50 climbing 3.7%.

SOLVENCY 2

The Solvency II standards have been in force since 1 January 2016.

2016 ACTIVITY

In 2016, the sector's annual inflow fell by 3.83%. This decrease can be broken down as follows: an increase of 6.62% in the inflow for guaranteed return products and a decrease of 2.36% for unit-linked life insurance products. SOGELIFE has not followed the general trend in this regard, reflecting its intention of diversifying its product portfolio by focusing on unit-linked policies. Revenues generated by guaranteed return products have increased by 13% versus 82% for unit-linked products.

In 2016, SOGELIFE's revenues were up 35% on the previous financial year, with the company once again making a concerted effort to develop its unit-linked business in order to continue the rebalancing of the business mix begun in 2015. Thus, the net inflow recorded by SOGELIFE during the year stemmed almost entirely from unit-linked products.

The 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 remained at EUR 125,800,800. There was no change in 2016.

INCOME STATEMENTS

2016 premium income before reinsurance amounted to EUR 1,378,768,225 up from EUR 1,023,923,220 in 2015. Around 54% was earned with non-Group customers testifying to the trust and interest in our products by several reputable financial institutions.

2016 investment income including underlying financial income and capital gains – largely comprising sale of assets backing unit-linked policyholder liabilities, amounted to EUR 204,850,906 up from EUR 199,231,344 in 2015.

Changes in our technical liabilities net of reinsurance in 2016 resulted in a technical reserve charge of EUR 462,902,184 (compared to a EUR 259,187,649 charge in 2015) to which should be added EUR 93,278,670 profit sharing (down from EUR 100,076,751 in 2015).

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 24,269,169 (compared to EUR 23,954,495 in 2015) and that general expenses amounted to EUR 13,250,122 (against EUR 12,389,796 in 2015).

Taking into account all income and expenses, the technical account produced a surplus of EUR 37,000,071 entirely derived from insurance business, against a surplus of EUR 32,781,493 in 2015.

After non-technical earnings, which mainly consist of net unallocated investment income (- EUR 1,872,187) and corporation tax (- EUR 10,477,465), 2016 confirms a high level of profit of EUR 24,650,419.

REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL MEETING OF 25 APRIL 2017

PROPOSED EARNINGS DISTRIBUTION

We propose apportioning 2016 earnings of EUR 24.650.419 as follows:

- Appropriation of EUR 4,705,275 to non-distributable reserves
- Transfer of EUR 1,147,125 from non-distributable reserves allocated in 2011 (EUR 1,365,000) and regularisation in respect of the 2015 financial year (EUR 217,875)
- Transfer of EUR 3,906,831 from retained earnings (aggregate amount of EUR 46,883,900)
- 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 941,055 x 5 for 2016) and remains undistributable for 5 years.

Consequently, shareholders' equity and subordinated liabilities of the company now total EUR 271,160,544.

BALANCE SHEET

The resulting balance sheet total amounts to EUR 9,813,075,067 against EUR 9,124,601,935 for the previous year.

The market value of the company's assets under management by SOGELIFE amounted to EUR 2,879,683,199 in 2016 against EUR 2,314,642,809 in 2015. 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 57% and 43% (compared to 53% and 54% in 2015).

OUTLOOK

SOGELIFE intends to continue to support the development of its partners in line with the approach that has been ongoing for several years now. This approach is geared chiefly to meeting client needs and ensuring client satisfaction. It is reflected in the roll-out of a range of innovative and attractive products, as well as in the continuous improvement of the quality of these processes and services through the development of its human capital.

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 2016 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 2016, 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 2016 as presented herein, approve the proposed earnings appropriation and approve the action of the Board of Directors and that of the auditors.

Marc DUVAL
Chairman of the Board of Directors

SOGELIFE
risk analysis

SOGELIFE RISK ANALYSIS AS AT 31 DECEMBER 2016

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. The last risk mapping review highlighted three high residual risks.

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 the Company. Arrangements for detecting operational losses are in place within Société Générale Group and this enables action plans to be followed if an operational loss is revealed.

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 legal department is in constant contact with SOGECAP Legal and Tax Department. It keeps abreast of changes not only through the usual media sources (press, internet, seminars, etc.), but also through the specialist committees of the Association des Compagnies d'Assurance (Association of Insurance Companies). Since the last risk mapping, the legal team has been strengthened by the addition of 1 FTE.

The legal department also uses the services of external lawyers specialised in the markets on which SOGELIFE operates in order to ensure that the company's products and operations are compliant.

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

2. Market risks (category 1.)

Exposure to market risk is low since 72% of assets are reinsured to SOGECAP, 26% of assets are assumed by policyholders and the remaining 2% are controlled by SOGECAP based on ALM studies and asset spread monitoring.

Asset liability mismatch is monitored and corrected monthly.

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

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

3. 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 its parent company. 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.

REPORT ON THE FINANCIAL STATEMENTS

In accordance with the engagement entrusted by the 26 April 2016 Shareholders' General Meeting, we have performed an audit of the attached financial statements of SOGELIFE S.A., comprising the balance sheet as at 31 December 2016 as well as the income statement for the year then ended, a summary of accounting principles applied and other disclosures.

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

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

Responsibility of the certified auditors

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

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial situation of SOGELIFE S.A. as at 31 December 2016 as well as the results for the year then ended, in accordance with current legal and regulatory rules for drawing up and presenting annual financial statements in Luxembourg.

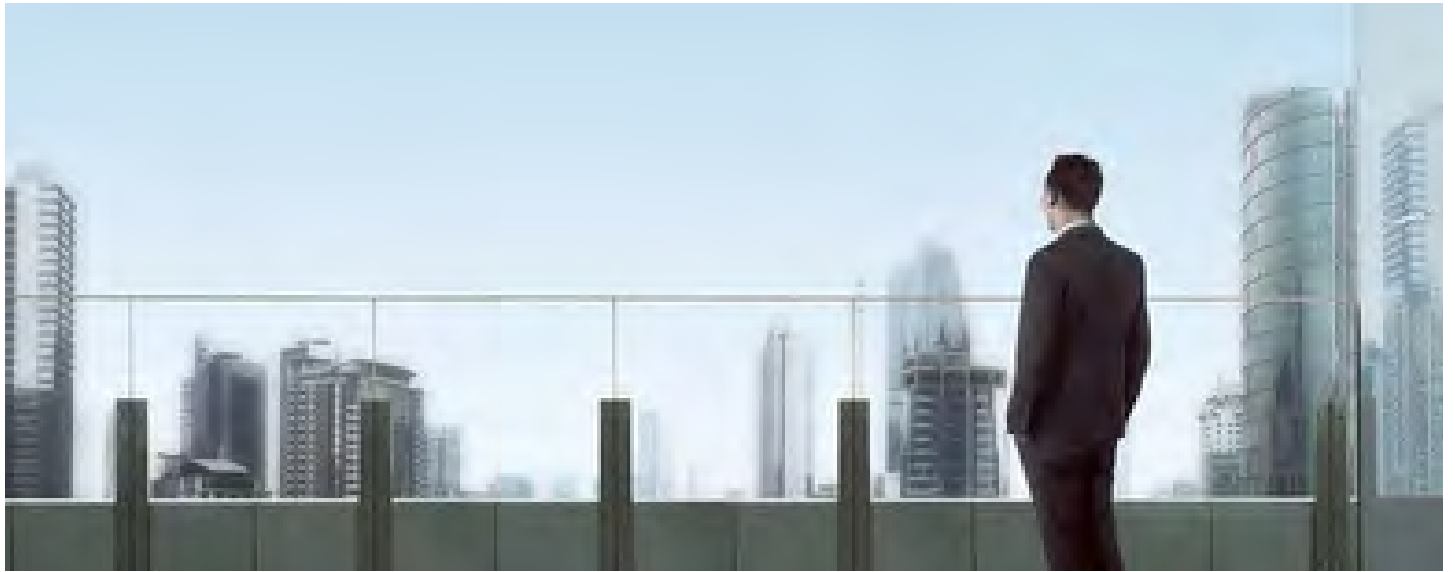
REPORT ON OTHER LEGAL OR REGULATORY OBLIGATIONS

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements

Luxembourg, 24 April 2017

Ernst & Young
Certified auditors

Nicolas Bannier



FINANCIAL
STATEMENTS
as at
12.31.2016

BALANCE SHEET

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

ASSETS		2016	2015
	Notes	EUR	EUR
INTANGIBLE ASSETS	3	792,946	886,847
INVESTMENTS			
OTHER INVESTMENTS			
Equities and other variable interest securities and shares in mutual funds (FCPs)	4	18,751,015	3,483,785
Bonds and other fixed interest securities	5	354,568,416	344,684,091
Deposits with credit institutions	8	84,042,915	86,368,000
		457,362,346	434,535,876
INVESTMENTS HELD ON BEHALF OF LIFE INSURANCE POLICYHOLDERS WHERE THE RISK IS BORNE BY THEM		2,492,891,992	1,956,412,134
REINSURERS' SHARE IN TECHNICAL RESERVES			
Life insurance reserves	8	6,560,758,915	6,452,614,773
Outstanding claims reserves		19,892,623	33,634,509
Profit-sharing provision		217,316,081	196,249,271
		6,797,967,619	6,682,498,553
RECEIVABLES			
Insurance business receivables from insurance intermediaries		1,665,581	8,125,533
Reinsurance business receivables	8	13,654,100	15,784,500
Other receivables		898,256	739,302
		16,217,937	24,649,335
OTHER ASSETS			
Tangible assets	3	325,539	453,552
Cash at bank and on hand	8	47,158,325	24,633,137
		47,483,864	25,086,689
ACCRUAL ACCOUNTS			
Accrued interest and rent	8	274,994	384,284
Deferred acquisition costs		61,827	126,675
Accrued income		21,542	21,542
		358,363	532,501
TOTAL ASSETS		9,813,075,067	9,124,601,935

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

BALANCE SHEET

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

LIABILITIES AND EQUITY	Notes	2016 EUR	2015 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	3,883,806
Special reserve		17,379,350	14,811,600
Retained earnings		50,790,731	47,116,382
Profit/(loss) for the year		24,650,419	22,180,578
		170,360,544	160,710,125
SUBORDINATED LIABILITIES			
	7, 8	125,800,000	125,800,000
TECHNICAL RESERVES			
Life insurance reserves		6,747,001,563	6,620,370,203
Outstanding claims reserves		26,702,328	38,992,423
Profit-sharing and rebate provision		223,733,950	201,453,362
		6,997,437,841	6,860,815,988
LIFE INSURANCE TECHNICAL RESERVES WHERE THE RISK IS BORNE BY THE POLI- CYHOLDER			
		2,492,891,992	1,956,412,134
PROVISIONS FOR OTHER RISKS AND CHARGES			
Provisions for pensions and similar obligations		615,392	511,969
Other provisions		1,958,126	1,614,150
		2,573,518	2,126,119
PAYABLES			
Direct insurance business payables	8	8,522,503	9,418,615
Reinsurance business payables		189,254	552
Other payables including tax payables	8	11,936,848	6,010,421
		20,648,605	15,429,588
ACCRUAL ACCOUNTS			
		3,362,567	3,307,981
TOTAL LIABILITIES		9,813,075,067	9,124,601,935

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

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

LIFE INSURANCE TECHNICAL ACCOUNT	Notes	2016 EUR	2015 EUR
EARNED PREMIUMS, NET OF REINSURANCE			
Gross written premiums	9	1,378,768,225	1,023,923,220
Premiums ceded to reinsurers	11	(741,502,081)	(581,201,443)
		637,266,144	442,721,777
INVESTMENT INCOME			
OTHER INVESTMENT INCOME			
Other investment income	11	114,430,004	112,044,319
Gains on sale of investments		90,420,902	87,187,025
		204,850,906	199,231,344
UNREALISED INVESTMENT GAINS		186,284,918	92,321,635
OTHER TECHNICAL INCOME, NET OF REINSURANCE	14	12,362	4,462
CLAIMS INCURRED, NET OF REINSURANCE			
AMOUNTS PAID			
Gross		(891,834,226)	(675,131,646)
Reinsurers' share	11	734,371,277	541,958,015
		(157,462,949)	(133,173,631)
CHANGE IN OUTSTANDING CLAIMS RESERVE			
Gross		12,290,095	(24,063,185)
Reinsurers' share	11	(13,741,886)	21,683,683
		(1,451,791)	(2,379,502)
		(158,914,740)	(135,553,133)
CHANGE IN OTHER TECHNICAL RESERVES, NET OF REINSURANCE			
LIFE INSURANCE RESERVES			
Gross		(663,111,218)	(499,281,749)
Reinsurers' share	11	129,210,952	178,728,358
		(533,900,266)	(320,553,391)
OTHER TECHNICAL RESERVES, NET OF REINSURANCE		70,998,082	61,365,742
		(462,902,184)	(259,187,649)
PROFIT SHARING AND REBATES, NET OF REINSURANCE		(93,278,670)	(100,076,751)
NET OPERATING EXPENSES			
Acquisition costs	10	(1,947,928)	(1,881,028)
Change in deferred acquisition costs		(64,848)	(256,276)

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

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

LIFE INSURANCE TECHNICAL ACCOUNT (continued)	Notes	2016	2015
		EUR	EUR
NET OPERATING EXPENSES (CONTINUED)			
Administration expenses	10	(33,831,669)	(32,559,609)
Commission paid to reinsurers	11	(6,501,709)	(6,402,538)
		(42,346,154)	(41,099,451)
INVESTMENT EXPENSES			
Investment expenses including interest charges		(22,532,025)	(19,183,824)
Losses on sale of investments		(82,398,659)	(72,048,444)
		(104,930,684)	(91,232,268)
UNREALISED INVESTMENT LOSSES		(130,435,913)	(75,560,805)
OTHER TECHNICAL EXPENSES, NET OF REINSURANCE	14	(478,101)	(333,699)
ALLOCATED INVESTMENT EXPENSES TRANSFERRED TO NON-TECHNICAL ACCOUNT		1,872,187	1,546,031
PROFIT/(LOSS) ON LIFE INSURANCE TECHNICAL ACCOUNT		37,000,071	32,781,493
NON-TECHNICAL ACCOUNT			
	Notes	2016	2015
		EUR	EUR
PROFIT/(LOSS) ON LIFE INSURANCE TECHNICAL ACCOUNT		37,000,071	32,781,493
ALLOCATED INVESTMENT INCOME TRANSFERRED FROM LIFE INSURANCE TECHNICAL ACCOUNT		(1,872,187)	(1,546,031)
OTHER INCOME		—	25
OTHER EXPENSES, INCLUDING VALUATION ADJUSTMENTS		—	—
CORPORATION TAX ON ORDINARY ACTIVITIES		(10,452,026)	(9,187,594)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX		24,675,858	22,047,893
OTHER TAXATION NOT INCLUDED IN THE ABOVE ITEMS		(25,439)	132,685
PROFIT/(LOSS) FOR THE YEAR		24,650,419	22,180,578

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

NOTES
to the
financial
statements

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 2015 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 2016:

	INTANGIBLE ASSETS	TANGIBLE ASSETS
	EUR	EUR
Cost at 31 December 2015	2,990,567	862,306
Acquisitions during the year	388,952	3,318
Disposals during the year	—	—
Cost at 31 December 2016	3,379,519	865,624
Accumulated value adjustments at 31 December 2015	(2,103,720)	(408,754)
Depreciation, amortisation and impairment (taken to the income statement)	(482,853)	(131,331)
Depreciation, amortisation and impairment written back (not taken to the income statement)	—	—
Aggregate value corrections as at 31 December 2016	(2,586,573)	(540,085)
Net book value at 31 December 2016	792,946	325,539

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

This line breaks down as follows:

	2016	2015
	EUR	EUR
Purchase cost	18,756,070	3,519,531
Accumulated value adjustments	(5,055)	(35,746)
Net book value at balance sheet date	18,751,015	3,483,785
Market value	18,860,368	3,564,777

NOTES

NOTE 5 - BONDS AND OTHER FIXED INTEREST SECURITIES

	2016	2015
	EUR	EUR
Purchase cost	357,499,172	346,969,235
Realisable value	327,909,086	315,628,801
Net book value	350,180,229	340,240,791
Accrued interest	4,388,187	4,443,300
Market value	367,930,839	354,665,898

At 31 December 2016, 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	87,298,035	52,744,056
Market value	85,683,863	51,440,155

At 31 December 2016 the remaining balance of purchase cost of bonds exceeded realisable value by EUR 24,121,327 (2015: EUR 26,380,880).

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

	2016	2015
	EUR	EUR
Impairment posted to earnings for the year	390,646	754,680
Impairment not yet posted to earnings	1,872,793	1,768,890

NOTE 6 - SHAREHOLDERS' EQUITY

Issued share capital

As at 31 December 2016, 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 2016 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 2015	48,222,846	24,494,913	3,883,806	14,811,600	47,116,382	22,180,578
Earnings appropriation (*)	—	—	938,479	2,567,750	3,674,349	(7,180,578)
Dividends (*)	—	—	—	—	—	(15,000,000)
Profit for the year	—	—	—	—	—	24,650,419
Balance at 31 December 2016	48,222,846	24,494,913	4,822,285	17,379,350	50,790,731	24,650,419

(*) In accordance with the decision of the Annual General Meeting of 25 April 2016.

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	1,365,900	for the year 2010
EUR	2,233,450	for the year 2011
EUR	2,485,150	for the year 2012
EUR	3,017,950	for the year 2013
EUR	4,130,425	for the years 2014/2015
EUR	4,146,475	for the year 2015

EUR 17,379,350

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%.

NOTE 8 - TRANSACTIONS WITH OTHER GROUP COMPANIES

As at 31 December 2016 the following balance sheet accounts contained transactions with other group companies:

	2016	2015
	EUR	EUR
ASSETS:		
Share of reinsurers in technical reserves	6,795,401,670	6,679,994,457
Reinsurance business receivables	13,648,582	15,359,558
Other receivables	—	—
Cash at bank	37,902,776	15,919,026
Deposits with credit institutions	84,042,915	86,368,000
Accrued interest and rent	274,994	384,284
LIABILITIES AND EQUITY:		
Subordinated loans	125,800,000	125,800,000
Life insurance reserves (inwards reinsurance)	15,052,703	8,590,716
Direct insurance business payables	2,668,671	3,551,049
Reinsurance liabilities	188,558	
Other payables	3,549,983	2,331,941

NOTES

NOTE 9 - BREAKDOWN OF GROSS WRITTEN PREMIUM

Gross written premiums break down as follows:

	2016	2015
	EUR	EUR
Individual business premiums	1,372,676,409	1,015,387,102
Group policy premiums	—	—
Accepted premiums	6,091,816	8,536,118
	1,378,768,225	1,023,923,220

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

	2016	2015
	EUR	EUR
Periodic premiums	—	—
Single premiums	1,372,676,409	1,015,387,102
	1,372,676,409	1,015,387,102

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:

	2016	2015
	EUR	EUR
Non profit sharing policy premiums	—	—
Profit sharing policy premiums	769,109,647	683,141,614
Premiums from policies with investment risk borne by policyholders	603,566,762	332,245,488
	1,372,676,409	1,015,387,102

The regional breakdown of gross written premium is as follows:

	2016	2015
	EUR	EUR
Luxembourg	49,864,891	31,122,710
Other EU countries	808,113,562	597,359,468
Other countries	520,789,772	395,440,942
	1,378,768,225	1,023,923,120

NOTES

NOTE 10 - DIRECT INSURANCE BUSINESS COMMISSIONS

Commissions paid to intermediaries amounted to EUR 24,269,169 (2015: EUR 23,954,495) and break down as follows:

	2016	2015
	EUR	EUR
Acquisition costs	766,549	864,084
Other commissions (included under administrative expenses)	23,502,620	23,090,411
	24,269,169	23,954,495

NOTE 11 - REINSURANCE BALANCES

Reinsurance balances break down as follows:

	2016	2015
	EUR	EUR
Premiums ceded to reinsurers	(741,502,081)	(581,201,443)
Other investment income	67,439,475	62,732,387
Reinsurers' share in claims	734,371,277	541,958,015
Change in reinsurers' share in technical reserves	129,210,952	178,728,358
Change in reinsurers' share in outstanding claims reserves	(13,741,886)	21,683,683
Commission paid to reinsurers	(6,501,709)	(6,402,538)
	169,276,028	217,498,462

The changes in reinsurance balances in 2016 compared to 2015 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 92 staff (2015: 87) i.e. 1 CEO, 16 managers and 75 other staff. Staff costs were as follows:

	2016	2015
	EUR	EUR
Salaries and benefits	7,463,935	6,992,155
Social security charges	1,175,035	1,124,622
Social security charges including pension contributions	250,515	255,690
	8,638,970	8,116,777

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 2015 and 31 December 2016 were as follows:

	2016	2015
	EUR	EUR
United States Dollar	1.0541	1.0891
Pound Sterling	0.85618	0.73555

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:

	2016	2015
	EUR	EUR
Financial statements audit (before VAT)	56,058	55,434

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 2016, financial instruments with a market value of EUR 6,920,732,378 were held on this account.

The total value of all pledges arose to EUR 6,923,211,842 for the reinsurance industry.

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