

Société Générale Effekten GmbH
Frankfurt am Main

Audit Report
Annual Financial Statements and Management Report
December 31, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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Terms of engagement, liability, and restriction on the use of the report

General Engagement Terms

Note: Amounts stated in tables and references (monetary units, percentages) can vary from the mathematically correct values due to rounding differences.

List of Abbreviations

BU	business unit
Deloitte & Touche GmbH	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main
FIND	Accounting & Finance Functions area
GmbH	Gesellschaft mit beschränkter Haftung (limited liability company)
GTS	Global Technology Services
HGB	Handelsgesetzbuch (German Commercial Code)
HRB	Commercial register, section B
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany), Düsseldorf
Ltd.	Limited (limited liability company under British law)
OTC	over-the-counter
AuS	IDW Auditing Standard
S.A.	Société Anonyme (stock corporation under French law)
SG	Société Générale
SG Effekten	Société Générale Effekten GmbH, Frankfurt am Main
SG S.A. Paris	Société Générale S.A., Paris, France
SGEBS	Société Générale European Business Service SA, Bucharest, Romania
SGGSC	Société Générale Global Solution Centre Private Ltd., Bangalore, India
SLA	Service Level Agreement

A. Audit Engagement

- 1 By resolution dated May 5, 2015, the shareholders' meeting of Société Générale Effekten GmbH, Frankfurt am Main (hereinafter: "SG Effekten"), engaged us to audit the annual financial statements as of December 31, 2015, together with the bookkeeping system and the management report.
- 2 In our audit, we complied with the applicable regulations regarding independence.
- 3 This audit – also with respect to relationships to third parties – is governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) dated January 1, 2002, which are included as an appendix. Please refer in supplement to the liability provisions included there under No. 9 and to the disclaimer with respect to third parties as well as to the further provisions of the attached appendix "Terms of engagement, liability, and restriction on the use of the report".
- 4 Our reporting adheres to the German generally accepted standards for the issuance of audit reports for the audit of financial statements of the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (IDW AuS 450).

B. Basic Findings

I. Statement on the management's assessment of the Company's position

- 5 We consider the presentation and assessment of the Company's position and its foreseeable development by the management in the annual financial statements and in the management report to be accurate.

Business development and position of the Company

- 6 The following aspects in particular are to be emphasized:
- Fiscal year 2015 is characterized by a considerable increase in issued products compared to the previous year;
 - all risks associated with the issuing business, e.g. counterparty risk, market price and liquidity risk as well as operational risks, are subject to a global guarantee on the part of SG S.A. Paris.

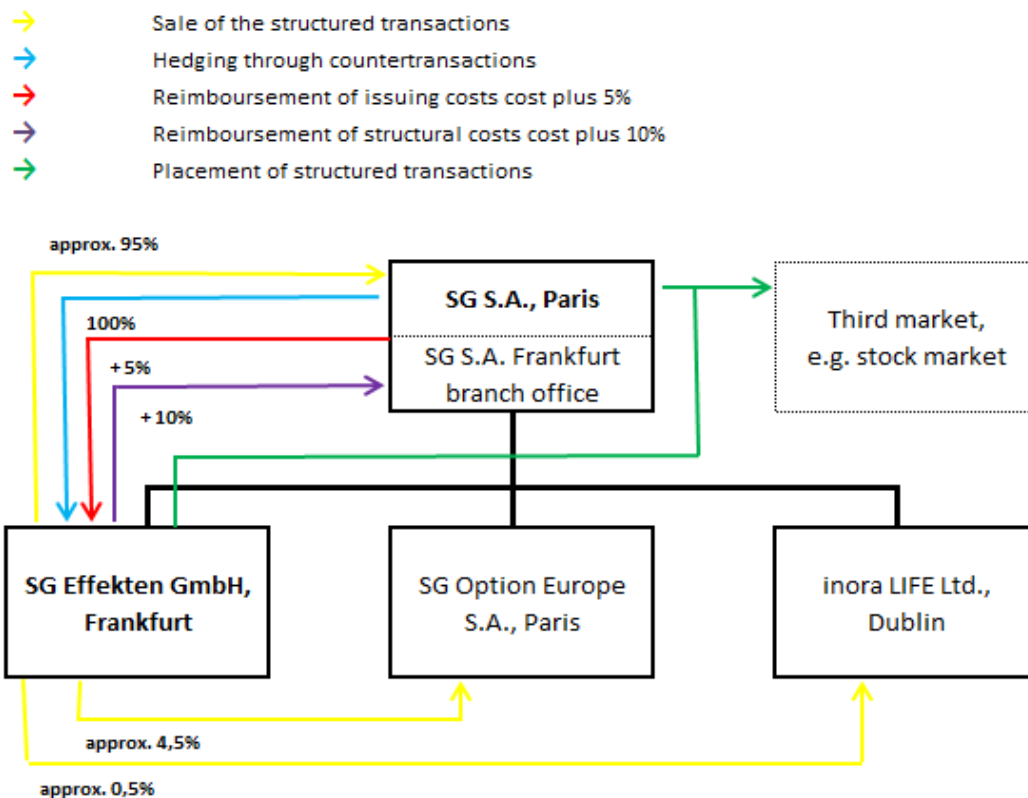
Foreseeable development of the Company

- 7 The presentation of the Company's foreseeable development in the management report is based on management's discretion to make assumptions. We consider this presentation to be plausible. In this context, the following key statements in particular should be pointed out:
- The growth strategy of SG S.A. Paris focuses on Germany as the second-largest warrant and certificate market in the world;
 - Considering the risk cover by SG S.A. Paris, SG Effekten expects the result for fiscal year 2016 to be positive and comparable to the result for 2015; in addition, no liquidity shortages are expected.

C. Analysis of the Economic Relationships

I. Economic bases

- 8 The purpose of the Company is the issuance and internal sale of securities and related activities, with the exception of activities requiring permission.
- 9 The Company's activities include the issuance of warrants and certificates that are each sold in their entirety to the parent company Société Générale S.A., Paris (hereinafter: "SG S.A. Paris"), to Société Générale Option Europe S.A., Paris, to Société Générale Madrid branch office and to inora LIFE Ltd., Dublin, whereby all counterparties are wholly owned subsidiaries of SG S.A. Paris.
- 10 Following their acquisition by the aforementioned counterparties, the offerings are placed with the ultimate buyers in a second step by SG S.A. Paris; consequently, this second sale does not have any impact on the issuer's economic relationships.



- 11 All issues are completely hedged by entering into OTC options with identical terms and/or the investment of issuing proceeds on the part of SG S.A. Paris. Since the issued warrants and certificates are respectively defined as a hedge together with the corresponding hedging transactions in accordance with section 254 of the German Commercial Code (Handelsgesetzbuch, HGB) in conjunction with section 252(1) HGB, a separate valuation is not carried out.
- 12 In the reporting period, the Company issued a total of 164,544 (prior year: 54,672) warrants and 66,024 (prior year: 12,362) certificates. Please refer to Appendix 3 for further comments on the issuing activities.
- 13 Please refer to Appendix 5 for comments on the Company's tax and legal relationships.

II. Results of operations

- 14 The following overview of earnings is derived from the income statements for the two most recent fiscal years after consolidation and offsetting carried out from a business perspective.
- 15 The notes to the annual financial statements (see Appendix 3) include further breakdowns and explanations of the items of the annual financial statements.

	2015 € (000)	2014 € (000)	Change € (000)	%
Income from option contracts	15,997,223	7,957,747	8,039,476	>100
Expenses from option contracts	-15,997,223	-7,957,747	-8,039,476	>100
Income from the certificate business	9,129,718	2,084,459	7,045,259	>100
Expenses from the certificate business	-9,129,718	-2,084,459	-7,045,259	>100
Gross performance	0	0	0	0
Other operating result	437	353	84	24
Personnel expenses	-257	-218	-39	18
Operating result	179	135	44	33
Net financial income	-13	-4	-9	>100
Earnings before taxes	167	131	36	27
Taxes on income	-37	-28	-10	-36
Net income/loss for the fiscal year	130	103	27	26

- 16 The income and expenses from option contracts and/or from certificate transactions include income and expenses from exercised, payable, or closed out options and/or certificates and the associated hedging transactions. The increase in the respective positions can be attributed to the significant increase in issuing volume in fiscal year 2015 as a result of the market initiative TIGER (Turbos in Germany), which is characterized by a short term to maturity. Please refer to the comments in Appendix 3.
- 17 Other operating income can be mainly attributed to the cost reimbursement agreement with Société Générale S.A., Paris (hereinafter: SG S.A. Paris), according to which all expenses incurred in connection with option and certificate transactions, plus a lump sum for administrative costs in the amount of 5%, are recharged to SG S.A. Paris.

- 18 Other operating expenses mainly result from issuing costs as well as the associated legal and advisory expenses. Support services purchased in this context from SG S.A. Frankfurt branch office are recharged to SG Effekten with a surcharge of 10% on the original costs.

III. Net assets and financial position

Asset and capital structure

- 19 The following overview is derived from the balance sheets of the two most recent fiscal years after consolidations and offsets that were carried out from a business perspective.
- 20 The notes to the annual financial statements (see Appendix 3) include further breakdowns and explanations of the items of the annual financial statements.

	12/31/2015	12/31/2014	Change	
	€ (000)	€ (000)	€ (000)	%
Assets				
Receivables from affiliated companies	11,505,414	7,013,195	4,492,219	64
Other assets	12,457,644	10,051,970	2,405,674	24
Deferred tax assets	36	20	16	80
Trust assets	5,004,705	5,238,971	-234,266	-4
	28,967,799	22,304,156	6,663,643	30
Capital				
Equity	1,163	1,034	129	12
Provisions	755	500	255	51
Liabilities	23,961,174	17,063,650	6,897,524	40
Trust liabilities	5,004,705	5,238,971	-234,266	-4
	28,967,799	22,304,156	6,663,643	30

- 21 Receivables from affiliated companies correspond to the liabilities under issued certificates and are owed by the Group parent entity. The issued certificates form a hedge together with the hedging transactions.
- 22 Other assets correspond to Other liabilities, with the exception of EUR 15 thousand, and mainly include the OTC options acquired to hedge the issued options.
- 23 Trust receivables arise from the transfer of proceeds to the Group parent entity in connection with certificates that were issued for the parent company, whereby the trust liabilities include offerings of certificates in the Company's name on behalf of third parties.

Financial position

- 24 The change in cash funds as well as the underlying changes in financial resources are shown in the cash flow statement below:

	2015 € (000)	2014 € (000)
1. Cash flows from operating activities		
Net income/net loss for the fiscal year before extraordinary items	130	103
Increase/decrease in provisions	254	-2
Increase (-)/ decrease in trade receivables and other assets	-6,663,047	-453,240
Increase/decrease (-) in deferred tax assets	-16	-7
Increase/decrease (-) in trade payables as well as other liabilities	6,663,338	452,709
Cash flows from operating activities	659	-438
2. Cash funds at the end of the period		
Change in cash funds	659	-438
Cash funds at the beginning of period	-79	359
Cash funds at the end of the period	580	-79
3. Composition of cash funds		
Liquid assets	580	-79
Cash funds at the end of the period	580	-79

- 25 Cash funds are shown as other receivables under receivables from affiliated companies and/or under liabilities to affiliated companies.
- 26 Changes in the Company's cash and cash equivalents can only arise from continuing operations, mainly due to the result for the fiscal year as well as changes in provisions or taxes.

D. Subject, Nature and Scope of the Audit

Subject of the audit

- 27 In accordance with section 317 HGB, during our engagement we audited the bookkeeping system, the annual financial statements – comprising the balance sheet, income statement, cash flow statement, statement of changes in equity, and the notes to the annual financial statements – and the management report for compliance with the relevant statutory provisions.
- 28 The assessment criteria for our audit of the annual financial statements included the accounting regulations set forth under sections 242 to 256a and sections 264 to 288 HGB as well as the special provisions of the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung, GmbHG). The Articles of Association do not include any supplementary provisions governing recognition. The audit criteria for the management report were defined under section 289 HGB.
- 29 The management bears responsibility for the bookkeeping system, the accounting-related internal control system, the annual financial statements, the management report, and the information and documents provided to us. Our responsibility is to express an opinion on these documents and disclosures as part of our audit as required by law.

Nature and scope of the audit

- 30 We performed our audit in accordance with the provisions of sections 316 ff. HGB in consideration of the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).
- 31 These standards require that we plan and perform the audit such that we can determine with reasonable assurance whether the accounting, the annual financial statements, and the management report are free from material errors and violations.
- 32 Based on this, we designed the audit of the annual financial statements with the objective of identifying such errors and violations of statutory provisions governing accounting that have a significant impact on the presentation of a true and fair view of the net assets, financial position and results of operations in consideration of German accepted accounting principles within the meaning of section 264(2) HGB.
- 33 The basis of our risk and process-oriented audit approach is the development of an overall audit plan, which is based on the assessment of the Company's economic and legal environment, its goals, strategies, and business risks, which we assess based on critical performance factors. We supplement the preliminary audit of the accounting-related internal control system and its effectiveness with analyses of processes carried out periodically, in particular with respect to organizational changes and changes in methods and processes, with the goal of determining their impact on the relevant items of the annual financial statements and thereby enabling us to estimate the business risks as well as our audit risk. We took the findings of our audit of processes and the accounting-related internal control system into account when selecting the analytical audit procedures (plausibility assessments) and tests of detail with respect to inventory records, as well as the recognition, presentation, and measurement in the annual financial statements. We determined the focus of our audit, the nature and scope of audit procedures, the timing of audit processes, and the use of employees in the company-specific audit program, observing the principles of materiality and risk orientation and therefore formed our opinion primarily on the basis of sampling.

- 34 The work of an actuary was utilized in our audit of the accounting treatment of provisions for pensions and similar obligations. Our audit procedures produced appropriate and sufficient audit evidence to convince us that the work of the expert was suited to the purposes of our audit. In particular, we got an impression of the actuary's expertise and professional qualifications, his impartiality, objectiveness, and independence, and the nature and scope of his activities. We found the expert's work to be suited for use in the formation of our audit opinion.
- 35 Our overall audit plan for the reporting period led to the following areas of focus for the audit program:
- Analysis of the process used to prepare the annual financial statements;
 - Amount of receivables from affiliated companies and/or liabilities under issued certificates as well as the other assets and liabilities;
 - Recognition and measurement of provisions.
- 36 Furthermore, we carried out the following standard audit procedures, among others:
- Obtaining bank confirmations,
 - Obtaining a confirmation from the tax adviser,
 - Obtaining confirmations from lawyers.

- 37 The goal of our audit procedures during our audit of the management report was to determine whether the management report is in line with the annual financial statements, whether it gives a true and fair view of the position of the Company, and whether the opportunities and risks related to future development are presented suitably. This required that we audit the completeness and plausibility of the information provided – to the extent that it represents statements regarding the future. We assessed the information based on the knowledge we acquired during our audit.
- 38 All explanations and documentation requested by us were provided. The management confirmed in writing the completeness of this information and evidence as well as of the bookkeeping, the annual financial statements, and the management report.

E. Findings on the Accounting

I. Adequacy of the bookkeeping system

1. Prior-year financial statements and management report

- 39 The prior-year financial statements were approved by the shareholders' meeting on May 5, 2015.
- 40 The shareholders' meeting resolved to carry the net retained profits forward to a new account.
- 41 The prior-year financial statements and management report were published in the electronic Federal Gazette dated June 18, 2015.

2. Books and records and other audited documents

- 42 The organization of the bookkeeping system, the accounting-related internal control system, the flow of data, and the voucher system enable the complete, accurate, timely, and orderly recording and posting of transactions.
- 43 The bookkeeping is carried out by means of electronic data processing using the ERP application "PeopleSoft". The Company outsources its payroll accounting to SG S.A. Frankfurt branch office under a Service Agreement.
- 44 The information taken from the additionally audited records led to an appropriate presentation in the bookkeeping system, annual financial statements and management report.
- 45 According to our findings, the bookkeeping corresponds to the statutory provisions.

3. Annual financial statements

- 46 The Company meets the size criteria of a large corporation; because it is capital market-oriented as defined under section 264d HGB, it always qualifies as a large corporation. The annual financial statements and the accounting policies applied therein correspond to the statutory provisions.
- 47 On the basis of the prior-year balance sheet, which was audited by another auditor from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, these annual financial statements were properly developed from the bookkeeping figures and from the other audited records.
- 48 The cash flow statement corresponds to German accepted accounting principles and gives a true and fair view of the cash flows for the fiscal year.
- 49 The statement of changes in equity corresponds to German accepted accounting principles.
- 50 The disclosures in the notes are complete and relevant.

4. Management Report

- 51 The management report is consistent with the annual financial statements and the findings of our audit and on the whole gives a true and fair view of the position of the Company. According to our audit pursuant to section 317(2) sentence 2 HGB, the significant opportunities and risks are accurately presented in the management report. The disclosures required under section 289(2) HGB are complete and accurate.

II. Overall assertion of the annual financial statements

1. Significant measurement principles

- 52 The key measurement bases are primarily explained in the notes, with further comments in Section C.IV "Net assets and financial position". With respect to the exercise of discretionary flexibility, the use of statutory options, and the change in measurement bases, the following aspects in particular are to be emphasized:
- Provisions for pensions are determined and discounted by an actuary based on applicable standards. Other provisions are short-term in nature and are not subject to discounting;
 - SG Effekten makes use of the option granted in section 274(1) sentence 2 HGB to capitalize deferred taxes.
- 53 With respect to further presentations of accounting policies, please refer to Appendix 3 of this report.

2. Conclusion

- 54 Based on our audit as required by law, we have come to the conclusion – in appreciation of the major accounting policies explained – that the annual financial statements on the whole give a true and fair view of the net assets, financial position and results of operations in consideration of German generally accepted accounting principles.

F. Auditors' report

- 55 We have issued the following auditors' report for the annual financial statements and management report:

"We have audited the annual financial statements – comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity, and the notes to the annual financial statements – together with the bookkeeping system and the management report of Société Générale Effekten GmbH, Frankfurt am Main, for the fiscal year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements correspond to the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a proper view of the Company's position and suitably presents the opportunities and risks of future development."

Frankfurt am Main, April 20, 2016
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hultsch

Knoll

**Société Générale Effekten GmbH
Frankfurt am Main**

**Management Report
for the 2015 financial year**

A. Legal and Commercial Basis of the Company

Société Générale Effekten GmbH is a wholly-owned subsidiary of Société Générale S.A. Frankfurt. The purpose of the company is to issue warrants and certificates, all of which are sold to the parent company, Société Générale S.A., Paris, to Société Générale Option Europe S.A., Paris, to Société Générale, Madrid branch, and to Inora Life Limited, Dublin. All counterparties are wholly-owned subsidiaries of Société Générale S.A. or the parent company itself.

Due to the implementation of the unified European permit ("European passport"), meaning that only a single approval of the prospectuses by the responsible supervisory authority (BaFin) is necessary, the Company is permitted to list its products on various stock exchanges in the European Union (stock exchanges in Madrid, Milan, Paris, Luxembourg, London, Stockholm, Helsinki, etc.). If the Company's products are listed on a stock exchange in a country that is not a member of the European Union, the required permit is issued by the supervisory authority of the respective country.

After being purchased by the counterparties listed above, in a second step the issues are placed with end customers by Société Générale S.A., Paris, so that no influence on the economic circumstances of the issuer results from this action.

B. Financial Review

I. Operating Conditions for Financial Year 2015

The economic recovery continued in Germany and the Eurozone in 2015. Economic growth was dampened by weak growth in emerging-market countries, particularly China.

The economy was supported by low oil prices and attractive financing conditions due to the monetary policy actions of major central banks. In other countries (especially Russia), however, economic growth was inhibited by the lowered commodity prices.

Public-sector budgets were increasingly strained by the refugee migration from the war zones in Syria.

The phase of low-interest rates presents growing risks to the financial stability of banks and is undermining business models conceived for the medium term.

The complexity of regulation and oversight (capital requirements, detailed requirements for risk management systems; information and frequency of disclosure obligations) has grown steadily. The complexity results mainly from the European harmonization and applicability to internationally active companies. A uniform oversight mechanism was established for the purpose of ensuring uniform bank oversight standards. Most of the

regulations and procedural requirements applicable in Germany are increasingly issued on the European level.

The changes in base factors (stock and currency prices, indices, etc.) accompanying the economic development are the foundation for investors' expectations and are thus crucial to the design of issued products in the area of warrants and certificates.

In consideration of all the above-mentioned factors, the Management considers the effects of economic developments on the Company to be positive, and therefore the increase in issuance activity that began in 2015 can be continued in 2016. The goal is to improve the Company's competitive position in the market.

In launching new products in the past financial year 2015, the Company reacted quickly to market volatility and either launched new products or adapted existing products.

II. Business developments

In pursuit of the stated goal of bolstering the Company's market position in Germany, the number of issued warrants and certificates more than tripled in financial year 2015.

Warrants for a total of 164,544 products (PY: 54,672) were issued in financial year 2015. Along with 94,801 products for stocks, 51,257 products were created for various indices, 115 for fixed income, 945 for foreign currencies, and 17,426 for commodities.

In addition, 66,024 certificate products were issued (PY: 12,362). These are primarily bonus and discount certificates, unchanged from the prior year.

III. Net assets, financial position and results of operations

a) Net assets

Due to the heightened issue volume, total assets increased EUR 6,664 million year-on-year to the current EUR 28,968 million. The statement of financial position mainly presents the position of issued securities and the related hedging transactions. It varies in proportion to the volume of issuance activity.

Changes in the net asset position resulted only from the refund of issue costs incurred in connection with a cost-plus arrangement with the parent company.

The company's share capital remains unchanged at EUR 26 thousand. In addition, the company holds EUR 1,008 thousand (PY: EUR 905 thousand) in profit carried forward. The company's equity increased by the earned net income of EUR 130 thousand (PY: EUR 103 thousand) to EUR 1,163 thousand (PY: EUR 1,034 thousand).

All receivables are owed by the sole shareholder. No credit risks exist outside the Société Générale group.

Liabilities are mainly related to the issuance of certificates and warrants.

b) Financial performance

The proceeds from the sale of issued warrants and certificates are always offset by the expenses for the acquisition of the corresponding hedging transactions, so that the Company does not generate any profit from its new issue activities.

Because currency risks are hedged, exchange rate fluctuations have no effect on the Company's income statement.

Personnel expenses and other operating expenses are passed on to Société Générale S.A., Paris, based on a "cost plus" arrangement.

The additional costs incurred in connection with issuance activities led to a higher reimbursement by the parent company compared to 2014, which is reflected in the higher net income for the year (EUR 130 thousand; PY: EUR 103 thousand). As designed, it is not possible for the company to earn a net loss for the year, regardless of sales.

c) Financial position and liquidity

The nature and settlement of the Company's business activities aim at maintaining a balanced financial position at all times. Liabilities from the issuance of certificates and warrants are generally hedged by maturity-matched financial instruments denominated in the same currency and bearing an identical price risk.

Business transactions affecting cash flow result from the issues and their hedging transactions, from settlement of personnel and other operating expenses, and their on-debiting to Société Générale S.A., Paris.

Due to the complete reimbursement of all costs accruing at issue by the parent company, the company has sufficient liquidity and is in a position to satisfy all payment obligations.

At the reporting date of December 31, 2015, the Company held cash and cash equivalents of EUR 580 thousand. The Company owed a liability of EUR 79 thousand to SG Frankfurt at the prior-year reporting date of December 31, 2014.

IV. Financial/ non-financial performance indicators

Financial indicators are not relevant, given the fact that the Company is a pure issuing vehicle.

The internal control of the Company is largely carried out through the systems and control procedures of the parent company. The parent company is working to adjust systems and monitoring processes in order to increase operating efficiency. In financial year 2015, for example, a certification program for controls was introduced for the purpose of increasing the Company's operating efficiency.

There are no other non-financial performance indicators.

C. Report on future development and opportunities and risks of the Company

I. Expected development of the Company (forecast report)

Société Générale's growth strategy centers on Germany in its position as the second-biggest warrant/certificate market in the world. Société Générale Effekten GmbH aims to further strengthen its market position through a project to expand issuing activities.

The Management expects that the Company's issuing activity will increase further, particularly in the German market. This goal can be achieved with the aid of the measures initiated in 2015 to automate the issuance process, which will increase capacity and lead to greater efficiency in this process. Moreover, the volatile market environment will probably lead to a higher volume of follow-up issues of turbo warrants, as barriers are breached.

As in prior years, a broad range of warrants and certificates will be offered in 2016. Furthermore, the Company further intends to maintain its issuing activities in other European countries.

Earnings in financial year 2016 will be positive, factoring in the Company's strict risk-covering policy, and will be of a comparable amount as the past financial year. No liquidity bottlenecks will occur.

The development of issuance activity and the further development of non-financial performance indicators predicted in 2014 were considerably exceeded and/or enhanced in 2015, mainly due to the improved redesign of the issuance process.

II. Risk report

The Company's risk situation is characterized by its well-organized transaction structure and its close integration into the Société Générale group. The Company does not need to maintain its own risk management system or internal control system because all risks incurred are transferred to the parent company under the terms of a "global guarantee."

The risks that could possibly arise in financial year 2015/2016 are described in the following.

Borrower default risks

There are no performance risks, since the payments from the sale of the securities issued and from the purchase of the hedge transactions, as well as those from any exercise of options, are always balanced. Receivables from offsetting transactions are only owed by the parent company, Société Générale S.A., Paris. The credit rating of Société Générale S.A., Paris, and its subsidiaries is the key factor for risk assessment.

Market price risks

All market price risks associated with issued warrants and certificates are fully hedged through hedging transactions with Société Générale S.A., Paris. This means there are no price change risks, currency risks or interest rate risks.

Liquidity risks

Daily monitoring of the payment flows and close coordination with the back-office departments in Paris ensure that the Company is always in a position to fulfill its payment obligations. No liquidity risks can be discerned at present due to the integration into the Société Générale group.

Operational risks

Société Générale S.A., Paris, has developed processes and systems for monitoring and controlling operational risks that are used by Société Générale Effekten GmbH. They are essentially based on the principle of permanent monitoring. Specially designed applications document processes and evaluate them according to prescribed criteria in order to prevent losses from operational risks. There are also precautions in the context of the Business Continuity Plan (BCP) to maintain seamless business operations in the event of disruptions to the infrastructure. The same rules and principles apply to the outsourced processes in the service centers in Bangalore and Bucharest as apply to Société Générale Effekten GmbH. Compliance with required processes is assured by means of standardized committees and key process indicators (KPIs).

The measures and processes described here made it possible to ensure that no operational risks occurred in financial year 2015 in the following areas:

- Regulatory compliance risks
- Information technology risks
- Outsourcing risks
- Fraud risks

There were no significant changes to the risk situation compared to the prior year. Based on currently available information, there are no discernible risks that could endanger the Company's continued operation as a going concern.

The new product process described in the opportunity report does not exacerbate existing risks or give rise to new risks.

The hedge relationships between issued certificates and warrants, on the one hand, and offsetting transactions, on the other hand, are always assured by means of complete symmetrical representation.

III. Opportunity report

The Company's strategy is designed to identify opportunities that arise in good time, to assess them using our risk management system or resource estimator, and to use them for successful development of the Company by means of suitable measures. A New Product Committee (NPC) is appointed in each case to design new products. All departments involved in the issuing process contribute their specific needs and resource allocations.

Consideration is given to all relevant factors for the Company, such as markets, competitive situation, strategic orientation, existing organization, personnel, back office, technical processing capacity, and volume factors.

The Management expects that the Company's business activity will increase further.

The opportunities described herein do not have a significant influence on the Company's risk situation.

D. Internal controlling and risk management system with regard to the financial accounting process

With regard to the financial accounting process, the Internal Controlling System (ICS) and Risk Management System (RMC) cover the principles, processes, and measures to ensure the effectiveness and efficiency of the financial accounting as well as to ensure compliance with the relevant legal regulations, and also risk hedging and representation of measurement units. They ensure that the assets and liabilities are accurately recognized, disclosed, and measured in the financial statements.

The supervision of controls is ensured by means of the applications provided centrally by the Group.

The controls conducted periodically by the Internal Auditing Department and the rectification of identified deficiencies also contribute to more effective supervision.

Responsibilities in ICS and RMS related to financial accounting

The management runs the Company independently and cooperates with the other Company bodies for the good of the Company in a relationship of trust and cooperation. The management has overall responsibility for preparing the annual financial statements, among other things.

The management affirms to the best of its knowledge and belief that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the applicable principles of proper accounting.

The management independently determines the scope and alignment of the ICS and RMS specifically oriented to the Company and takes measures to enhance the systems and to adjust them to changing framework conditions.

The value systems that have applied for years in all countries of the Société Générale group and thus also in Société Générale Effekten GmbH, such as the Code of Conduct and the Compliance Rules, etc., also constitute the basis for responsible action for the employees entrusted with the financial accounting process.

Company employees must complete a course every year on money laundering and compliance using a computer-based learning program.

Despite all risk mitigation measures established in the context of ICS and RMS, even adequate and functional systems and processes cannot provide an absolute guarantee that risks will be identified and managed. The Accounting department is responsible for the financial accounting process and particularly for the process of creating the annual financial statements. The Accounting department is supported by the back-office departments of Société Générale S.A., Paris, particularly with regard to the measurement of financial instruments and receivables.

The IT systems necessary for the financial reporting process are made available by the parent company.

An Audit Committee was established to support the management in the financial accounting process, consisting at the reporting date of five persons (one employee of Société Générale Effekten GmbH and four employees of Société Générale, Frankfurt Branch). The Audit Committee deals with the development of net worth, financial position and operating results at least once annually—particularly with regard to the annual financial statements. Within the annual financial statements process, the shareholder is required to approve the annual financial statements. The Audit Committee is supplied with the financial statement documents, including the proposal by management for appropriation of net income together with the preliminary auditor's report, in order to perform these tasks. In addition, the members of the Audit Committee receive a summary report on issuing activity and its financial accounting once per quarter.

Organization and components of the ICS and RMS related to financial accounting

The business transactions to be processed by Société Générale Effekten GmbH are centrally recorded by data entry into product-specific applications by a back-office department of the parent company in Paris. The concluded transactions (contracts) are recorded in the applications and released using the double verification principle.

The accounts payable accounting for vendor invoices is carried out in Bangalore by Société Générale Global Solution Centre Private Limited (a 99% subsidiary of Société Générale S.A., Paris).

The services to be provided are stipulated in the Service Agreement between Société Générale S.A., Frankfurt Branch, and Société Générale Global Solution Centre Private Limited, Bangalore, for Société Générale Effekten GmbH.

The scanned documents are input and posted in Bangalore. Company employees issue approval and release for payment.

Head office reporting and the regulatory report to the Deutsche Bundesbank are produced in Bucharest by Société Générale European Business Services S.A. (a 99.95% subsidiary of Société Générale S.A., Paris).

The services to be provided are stipulated in the Client Services Agreement between Société Générale S.A., Frankfurt Branch, and Société Générale European Business Services SA, Bucharest, for Société Générale Effekten GmbH.

The accounting of Société Générale Effekten GmbH continues to be maintained on the central server in Paris; all data of Société Générale Effekten GmbH relevant to accounting is processed and stored on this server.

Company employees in Frankfurt monitor the current cash accounts daily in order to ensure correct posting and the subsequent processing in the service centers. The Intranet is used to access the information stored in the "Accounting" area for business operations in general and for financial accounting circumstances in particular. Technical system support for preparing the financial statements has been outsourced to the subsidiary responsible for IT in the SG group.

The parent company is responsible for monitoring. The technical support processes at the central support unit are regulated in procedural directives. The databases for the application systems are backed up and archived under the responsibility of the parent company. Statutory retention periods are complied with. Contingency plans are updated and monitored by Company employees. Data backup is based primarily on the centralized data backup systems for the mainframe computers and on the storage networks for the open systems area. The data are mirrored redundantly in Paris.

The necessary access protection to prevent unauthorized access and the maintenance of functional separation when using the Company's application systems relevant to financial accounting are particularly ensured by the concept of system profiles as well as processes to create system profiles. The system profiles issued to the individual back-office department in Paris as well as to the service center employees in Bangalore and Bucharest are issued and monitored by right holders in the Company using a specially developed system.

Documentation of the processes

Documentation of the processes is prescribed as a subsidiary of Société Générale Paris, S.A. They are summarized in the "Accounting & Finance Handbook." Automatic monitoring ensuring the correctness of input data is the primary component of the documented processes.

The most important procedures in the financial accounting process are listed in the "Global Permanent Supervision (GPS)" application. This application contributes to completion of the documentation process, and provides a suitable instrument to ensure the financial accounting process in case of internal auditing.

Measures for ongoing updating of the ICS and RMS

In the context of enhancing the ICS and RMS, the Company carried out additional projects and measures that contributed to strengthening the ICS and RMS. These included a review of the process flows in connection with preparing the monthly results and their inclusion in process mapping.

Furthermore, additional relevant processes were included, starting from the basis of process documentation already achieved, and then transferred into the normal process of the ICS and RMS.

In case of amendments of legal requirements and regulations relating to financial accounting, such changes must be reviewed as to whether and what consequences they may have for the financial accounting process. The Company's local Accounting department is responsible for content processing. In case of amendments or new provisions that have considerable effects on the processing of financial accounting, analysis starts with the existing process mapping. All measures such as IT adjustments, process flows, posting instructions, etc., are analyzed and implemented accordingly in the back-office departments in Paris as well as in the outsourced service departments in Bangalore and Bucharest, and monitored and controlled by employees at the Company in Frankfurt.

E. Significant events after the balance sheet date

No significant events possibly affecting the net worth, financial position and operating results occurred after the conclusion of the financial year.

Frankfurt am Main, April 20, 2016

The Management

Société Générale Effekten GmbH

Jean-Louis Jégou

Helmut Höfer

Rainer Welfens

ASSETSEQUITY AND LIABILITIES31

SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBHFRANKFURT AM MAININCOME STATEMENTFOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2015

	2015 EUR	2014 EUR
1. Income from option activities	15 997 222 553,27	7 957 746 576,77
2. Expenses from option activities	15 997 222 553,27	7 957 746 576,77
3. Income from certificate activities	9 129 718 328,10	2 084 458 881,43
4. Expenses from certificate activities	9 129 718 328,10	2 084 458 881,43
5. Other operating income	5 075 875,36	3 592 770,23
6. Personnel expenses		
a) Wages and salaries	171 550,88	157 250,66
b) Social welfare contributions and expenses for pensions and other benefit costs thereof for pensions EUR 59,777.87 (prior year: EUR 34,270.87)	86 320,09	60 848,95
7. Other operating expenses	4 638 641,91	3 239 421,56
8. Other interest and similar income	369,96	167,18
- thereof from affiliated companies EUR 369.96 (prior year: EUR 167.18)		
9. Interest and similar expenses	12 508,35	4 322,72
- thereof from affiliated companies EUR 12,508.35 (prior year: EUR 4,322.72)		
10. Income from ordinary activities	167 224,09	131 093,52
11. Income taxes	37 555,44	28 009,72
- thereof from deferred tax assets: EUR 15,830.85 (prior year: EUR 7,238.49)		
12. Net income	129 668,65	103 083,80

**Société Générale Effekten GmbH
Frankfurt am Main**

**Notes to the Annual Financial Statements
for the 2015 financial year**

Comments on the annual financial statements at December 31, 2015, and other disclosures

The annual financial statements of Société Générale Effekten GmbH at December 31, 2015, have been prepared according to the accounting regulations of the German Commercial Code (HGB) and the supplementary regulations of the Limited Liability Companies Act (GmbHG) in compliance with generally accepted accounting principles.

1. Recognition and measurement principles

Accounts receivable are recognized at their nominal amount plus accrued interest. Liabilities not hedged are recognized at their settlement value.

The calculation of deferred taxes is based on temporary differences between items on the statement of financial position when considered under commercial law and tax law pursuant to Section 274 HGB. EUR The deferred tax assets presented in the statement of financial position in the amount of EUR 35,703.24 were recognized exclusively in respect of temporary differences between the commercial-law values and the tax bases of provisions for pensions. The tax rate used to calculate the deferred taxes was 31.93%.

The provisions for pensions were measured at the settlement value according to actuarial principles, taking the 2005 G life expectancy tables into account, which is necessary according to reasonable business assessment (Section 253 (I)(2) HGB). They are discounted on a flat-rate basis using an average market interest rate corresponding to a remaining time to maturity of 15 years (Section 253 (II)(2) HGB). The expectancy cash value method is used as an actuarial measurement method. The following parameters were assumed for the pension provisions: a discount rate of 3.89% (PY: 4.62%), a remuneration development of 2.90% (PY: 2.90%), and pension development of 1.90% (PY: 1.90%). The effects of interest rate changes are recognized in the operating profits within the sub-item of Social security and pension expenses. The other provisions with a remaining term of up to one year are not discounted and are presented on the liabilities side at their settlement value necessary according to reasonable business assessment.

Option premiums are recognized until exercise or lapse as Other assets or Other liabilities. At exercise or lapse, collection occurs, affecting net income. They are presented within the items of Income from option trades or Expenses of option trades.

The issued certificates are recognized as Liabilities from issued certificates until due. The issued certificates are offset by hedging transactions, which are recognized in Receivables from affiliated companies.

The liabilities from issued certificates and warrants and the hedging transactions recognized in Receivables and other assets were merged into measurement units and presented on the liabilities side at cost of purchase or recognized as assets in the amount of the issue proceeds. These are perfect micro-hedges. Remeasurement pursuant to Section 254 HGB does not occur due to their characteristic as measurement units, i.e., due to non-recognition of the offsetting changes in value, the net hedge presentation method is used in this context (Section 285 (19b) and (19c) HGB as well as Section 285 (23a) and (23b) HGB). It was not necessary to make any value adjustments on the Receivables and Other Assets.

The presented liabilities from issued certificates and warrants are generally hedged by maturity-matched financial instruments denominated in the same currency and bearing an identical price risk.

Liabilities not merged into measurement units are presented at the settlement amount. These liabilities are Trade accounts payable and liabilities to affiliated companies. The corresponding income statement of such liabilities is presented within Other operating expenses.

The portfolio of issued options and certificates at the reporting date is fully hedged against market price changes using hedging transactions with the shareholder.

In addition, the Company works in the context of a trust agreement with the sole shareholder, Société Générale S.A., Paris.

The corresponding items are presented within Trust assets on the assets side and within Trust liabilities on the equity and liabilities side of the statement of financial position.

The certificates from trust transactions are offset by hedging transactions that are recognized under trust assets. Recognition of these transactions occurs at cost of purchase.

2. Notes to the statement of financial position

The **Receivables from affiliated companies** consist of EUR 11,504,834 thousand (PY: EUR 7,013,194 thousand) owed by the shareholder, as well of an account balance of EUR 580 thousand against the Société Générale Frankfurt branch.

Other assets primarily comprise the OTC options acquired by the shareholder to hedge issued warrants. They amounted to EUR 12,457,625 thousand (PY: EUR 10,051,955 thousand).

The **Trust receivables** in the amount of EUR 5,004,706 thousand (PY: EUR 5,238,971 thousand) involve funds forwarded to the shareholder from multiple certificates issued for the shareholder.

The **Other provisions** result primarily from provisions for issuing costs as well as audit and consulting costs. They amounted to EUR 515 thousand (PY: EUR 323 thousand).

The **Trust liabilities** in the amount of EUR 5,004,706 thousand (PY: EUR 5,238,971 thousand) include the issue of certificates issued in the Company's own name for the account of third parties.

Certificates (issued) in foreign currencies are recognized in the item "Liabilities from issued certificates" on the liabilities side of the statement of financial position in a total amount of EUR 130,651 thousand (EUR 4,189 thousand from AUD, EUR 9,279 thousand from CAD, EUR 490 thousand from CHF, and EUR 116,693 thousand from USD). The corresponding hedges are carried in the same amount in the item Receivables from investment of issue proceeds and Trust assets – receivables on the assets side of the statement of financial position. Currency translation is performed at the exchange rate applicable on the posting date as part of the formation of valuation units (net hedge presentation method), taking into account the terms and conditions of the issue specified in the respective prospectus. The hedging of currency risk means that exchange rate fluctuations do not have any impact on the income statement.

Warrants (issued) in foreign currencies are recognized in the item "Other liabilities" on the liabilities side of the statement of financial position in a total amount of EUR 3,416,914 thousand (EUR 140,332 thousand from GBP and EUR 3,276,582 thousand from SEK). The corresponding hedges are carried in the same amount under the item "Other assets" on the assets side of the statement of financial position. Currency translations is performed at the exchange rate applicable on the posting date as part of the formation of valuation units (net hedge presentation method), taking into account the terms and conditions of the issue specified in the respective prospectus. The hedging of currency risk means that exchange rate fluctuations do not have any impact on the income statement.

Liabilities/ trust liabilities in the amount of EUR 23,961,175 thousand / EUR 5,004,706 thousand consist mainly of liabilities to affiliated companies (EUR 28,965,633 thousand).

Maturity breakdown of receivables and liabilities					
EUR '000	Total amount	Remaining maturity up to 1 year	Remaining maturity 1 to 5 years	Remaining maturity over 5 years	
Receivables					
- From investment of issue proceeds	11,502,885	6,817,243	2,802,077	1,883,565	
- Other receivables	2,529	2,529			
- From trust accounts	5,004,706	1,606,062	3,232,759	165,885	
Other assets	12,457,644	3,971,607	3,199,417	5,286,620	
Liabilities					
- From issued certificates	11,502,885	6,817,243	2,802,077	1,883,565	
- Trade payables	245	245			
- Due to affiliated companies	417	417			
- From trust accounts	5,004,706	1,606,062	3,232,759	165,885	
Other liabilities	12,457,628	3,971,591	3,199,417	5,286,620	
- thereof taxes	3	3			

3. Notes to the Income Statement

The income statement is prepared in accordance with the period accounting method.

Other operating income primarily related to cost absorption by the shareholder.

Other operating expenses consist primarily of issue costs, legal and consulting fees, and stock exchange costs.

Income taxes relate to the result of ordinary operations.

They amounted to EUR 38 thousand (PY: EUR 28 thousand). Included in this are deferred taxes in the amount of EUR 16 thousand.

4. Information on the issuing activities

The total issue of financial year 2015 breaks down as follows: All issues are fully hedged by concluding identically equipped OTC options or by investing issue proceeds with Société Générale S.A., Paris.

WARRANTS CATEGORY / CERTIFICATES	TYPE	FISCAL YEAR 2015			FISCAL YEAR 2014		
		QUANTITY	VOLUME (IN PIECES)	LONGEST MATURITY	QUANTITY	VOLUME (IN PIECES)	LONGEST MATURITY
Warrants							
Stock warrants	CALL	299	435,526,000	18-Dec-20	3,833	222,314,000	29-Dec-20
	PUT	30	55,750,000	23-Dec-16	1,876	108,808,000	29-Dec-15
	Open End Turbo Long	8,818	790,615,500	29-Mar-16	500	29,000,000	open end
	Inline / StayHigh/ StayLow Optionsschein	60,935	1,025,345,000	28-Nov-16	23,878	1,392,638,000	29-Mar-16
	Open End Turbo Short	68	43,400,000	open end	122	7,076,000	open end
	Leverage	30	7,500,000	open end	-	-	-
	Other warrants	24,621	5,691,135,200	03-Feb-25	11	638,000	27-Mar-15
		94,801	8,049,271,700		30,220	1,760,474,000	
Index warrants	CALL	27	52,020,000	25-Dec-15	1,264	73,312,000	27-Jun-24
	PUT	16	37,000,000	25-Dec-15	908	52,664,000	08-Jan-16
	Open End Turbo Short				172	9,976,000	open end
	Open End Turbo Long	1,426	76,756,000	29-Mar-16	214	12,412,000	open end
	Inline /StayHigh/ StayLow Optionsschein	34,148	684,270,000	23-Dec-16	17,369	1,007,402,000	24-Jun-16
	Optionsschein				108	6,264,000	28-Jun-19
	Discount Optionsschein				110	6,380,000	25-Feb-15
	Leverage	47	696,000,000	21-Jan-33	-	-	-
	Other warrants	15,593	3,640,995,500	27-Jul-49	3	174,000	29-Dec-15
		51,257	5,187,041,500		20,148	1,168,584,000	
Currency warrants	Open End Turbo Short	205	8,464,000	open end	55	3,190,000	open end
	Open end Turbo Long	312	11,533,000	open end	61	3,538,000	open end
	CALL	-	-	-	47	2,726,000	26-Jun-15
	PUT	-	-	-	30	1,740,000	22-Jun-16
	Inline/ Stay High/ Stay Low	142	2,995,000	29-Mar-16	-	-	-
	Other warrants	286	142,153,000	20-Dec-19	-	-	-
		945	165,145,000		193	11,194,000	
Commodity warrants	CALL	23	20,405,000	15-Dec-17	421	24,418,000	18-Dec-20
	PUT	8	9,050,000	15-Dec-17	135	7,830,000	02-Nov-18
	Open End Turbo Short	1,927	124,496,000	open end	426	24,708,000	open end
	Open End Turbo Long	1,654	100,540,000	open end	371	21,518,000	open end
	Inline /StayHigh/ StayLow Optionsschein	3,914	78,630,000	14-Mar-41	2,629	152,482,000	18-Mar-16
	CALL Discount Optionsschein				-	-	-
	Other warrants	9,900	2,334,113,030	18-Dec-20	5	290,000	27-Mar-15
		17,426	2,667,234,030		3,987	231,246,000	
Fixed Income	CALL				-	-	-
	PUT				-	-	-
	Open End Turbo Short	1	14,000	open end	63	3,654,000	open end
	Open End Turbo Long	114	4,584,000	open end	61	3,538,000	open end
		115	4,598,000		124	7,192,000	
TOTAL warrants:		164,544	16,073,290,230		54,672	3,178,690,000	

WARRANTS CATEGORY / CERTIFICATES	TYPE	FISCAL YEAR 2015			FISCAL YEAR 2014		
		QUANTITY	VOLUME (IN PIECES)	LONGEST MATURITY	QUANTITY	VOLUME (IN PIECES)	LONGEST MATURITY
Certificates							
Stock certificates	Bonus	22,586	259,558,700	02-Jan-17	4,743	266,858,000	25-Jan-21
	Discount	17,520	154,811,800	24-Mar-17	1,934	112,172,000	23-Dec-16
	Express	613	1,768,050	21-Dec-20	243	14,094,000	29-Dec-20
	Leverage	-	-	-	-	-	-
	Outperformance	36	460,800	23-Sep-16	-	-	-
	Alpha	-	-	-	-	-	-
	Sprint-certificate	95	601,600	23-Sep-16	-	-	-
	Other	59	162,100	27-Mar-20	21	1,218,000	07-Jan-22
		40,909	417,363,050		6,941	394,342,000	
Bonds	Stocks	1,839	386,300	28-Sep-18	294	17,052,000	29-Mar-16
	Index	274	69,400	10-Oct-16	-	-	-
	Interest-linked	-	-	-	-	-	-
	Inflation-indexed	-	-	-	-	-	-
	Reverse Convertible	-	-	-	-	-	-
	Other	4	800	07-Aug-18	3	174,000	07-Apr-16
		2,117	456,500		297	17,226,000	
Loans	Credit Linked Note	2	3,200	open end	1	58,000	01-Oct-20
		2	3,200		1	58,000	
Index certificates	Bonus	17,371	76,805,800	22-Dec-17	3,503	203,174,000	22-Dec-17
	Discount	4,142	23,011,100	22-Jun-18	915	53,070,000	22-Dec-17
	Express	294	3,631,000	08-Dec-23	201	11,658,000	08-Dec-22
	Leverage	17	569,750,000	23-Mar-20	7	406,000	00.01.1900
	Outperformance	-	-	-	-	-	-
	Other	210	1,795,174,400	21-Feb-33	59	3,422,000	01-Jan-99
		22,034	2,468,372,300		4,685	271,730,000	
Commodity certificates	Guarantee	-	-	-	-	-	-
	Bonus	20	98,600	17-Aug-16	46	2,668,000	22-Mar-18
	Discount	920	4,019,400	03-May-19	382	22,156,000	04-Nov-19
	Express	-	-	-	8	464,000	09-Apr-19
	Leverage	1	20,000,000	24-Nov-17	-	-	-
	Other	21	5,845,000	open end	2	116,000	17-Aug-20
		962	29,963,000		438	25,404,000	
TOTAL certificates		66,024	2,916,158,050		12,362	708,760,000	
Total certificates and warrants:		230,568	18,989,448,280		67,034	3,887,450,000	

The fair value of the financial derivatives as well as bonds with embedded derivatives is measured in principle using market values; in case of illiquid markets, measurement uses internal models. These “in-house valuation models” are regularly tested by specialists in the Risk department of Société Générale S.A., Paris. Derivative financial instruments with option characteristics are measured by Société Générale S.A., Paris, using generally recognized option price models.

When an active market exists, prices quoted by stock exchanges, brokers, and pricing agencies are used.

The type, volume, and fair values of the derivative hedging transactions at the reporting date are shown below: The Company holds 45,062 OTC options with a market value of EUR 11,341 million to hedge the stock and index warrants, 596 OTC options with a market value of EUR 260 million to hedge the foreign currency warrants, and 2,782 OTC options with a market value of EUR 2,564 million to hedge the commodities warrants, and 3,832 OTC warrants with a market value of EUR 1,482 million to hedge interest rate warrants.

In addition, the Company holds 47,034 certificates with a market value of EUR 14,200 million, including trust transactions.

The carrying amount of the warrants listed here at December 31, 2015, is EUR 12,458 million, which is presented within the Other Liabilities item on the statement of financial position. The carrying amount of the issued certificates at December 31, 2015, is EUR 16,508 million, which is divided between the item Liabilities from Issued Certificates and the item Trust Liabilities in the statement of financial position.

5. Statements on the fees recognized as expenses in the reporting period

The auditing fee for 2015, which was recognized as expense in financial year 2015, is EUR 50 thousand.

6. Statements on members of company bodies and employees

The following individuals were appointed as managing directors in financial year 2015:

Mr. Jean-Louis Jégou, banker, Frankfurt am Main
 Dr. Joachim Totzke, general counsel, Frankfurt am Main
 Mr. Rainer Welfens, business administrator, Saint Maur des Fossés / France (from February 9, 2015)

By way of a resolution adopted by the shareholder meeting on February 9, 2015, Mr. Rainer Welfens, business administrator, Saint Maur des Fossés, France, was appointed managing director.

By way of a resolution adopted by the shareholder meeting on February 16, 2016, Mr. Helmut Höfer, lawyer, Frankfurt am Main, was appointed managing director with immediate effect. Dr. Joachim Totzke's appointment was revoked with immediate effect.

The current managing directors Mr. Jean-Louis Jégou, Mr. Helmut Höfer and Mr. Rainer Welfens are employees of Société Générale S.A., Frankfurt am Main branch office. Mr. Rainer Welfens is an employee of Société Générale S.A., Paris. Expenses of EUR 22 thousand as remuneration for the managing director work were passed on to Société Générale Effekten GmbH for financial year 2015.

The Company employed an average of 1.5 employees during the financial year.

As a capital market-oriented company, the Company has established an Audit Committee under Section 264d HGB consisting of the following members:

Mr. Peter Boesenberg (chair)
 Mr. Dimitri Brunot
 Mr. Achim Oswald
 Mr. Rainer Welfens
 Ms. Heike Stuebban

7. Group affiliation

Until December 2015 the parent company of Société Générale Effekten GmbH was Société Générale S.A., Paris. As of December 2015, the Société Générale Frankfurt branch holds a 100% equity interest in Société Générale Effekten GmbH.

The parent company of Société Générale Frankfurt is Société Générale S.A., Paris. Notice of publication of the consolidated financial statements of Société Générale S.A., Paris, occurs in France in the “Bulletin des Annonces Légales et Obligatoires (BALO)” under the heading “Publications Périodiques” (R.C.S: 552 120 222).

The consolidated financial statements are available on the website www.socgen.com.

Frankfurt am Main, April 20, 2016

The Management

Société Générale Effekten GmbH

Jean-Louis Jégou

Helmut Höfer

Rainer Welfens

Cash Flow Statement

	2015 EUR	2014 EUR
1. Cash flow from operating activities		
Net income for the fiscal year before extraordinary items	129 668,65	103 083,80
Increase / Decrease (-) in provisions	254 345,87	-2 141,78
Increase (-) / Decrease (+) in receivables as well as other assets not attributable to investment or financing activities	-6 663 046 827,85	-453 240 229,36
Increase deferred tax assets	-15 830,85	-7 238,49
Increase / Decrease in liabilities under issued certificates as well as other liabilities not attributable to investment or financing activities	6 663 337 648,63	452 708 882,32
Cash flow from continuing operations	659 004,45	-437 643,51
2. Closing balance of cash funds		
Change in cash funds	659 004,45	-437 643,51
Opening balance of cash funds	-78 902,11	358 741,40
Closing balance of cash funds	580 102,34	-78 902,11
3. Composition of cash funds		
Liquid assets / Liabilities FI	580 102,34	-78 902,11

Other disclosures as of 31.12.2015 in accordance with paragraph 52 of German Accounting Standard (DRS) 2:

- a) Daily payable receivables/liabilities due to the shareholder are presented under cash funds.
- b) The definition of cash funds was not changed compared to the previous period.
- c) The carrying amount of cash funds corresponds to bank deposits and is reported in the position "Receivables from affiliated companies - Other Receivables".
- d) No significant non-cash investment or financing operations or transactions were entered into in the reporting period.
- e) The Company did not purchase or sell any companies in the reporting period.

Société Générale Effekten GmbH

Statement of changes in equity

	Subscribed capital	Retained earnings	Equity
Balance as of Jan. 1, 2013	25 564,59	806 949,38	832 513,97
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year	-	98 023,16	98 023,16
Balance as of Dec. 31, 2013	25 564,59	904 972,54	930 537,13

Balance as of Jan. 1, 2014	25 564,59	904 972,54	930 537,13
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year	-	103 083,80	103 083,80
Balance as of Dec. 31, 2014	25 564,59	1 008 056,34	1 033 620,93

Balance as of Jan. 1, 2015	25 564,59	1 008 056,34	1 033 620,93
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year	-	129 668,65	
Balance as of Dec. 31, 2015	25 564,59	1 137 724,99	1 163 289,58

F. Auditors' report

- 55 We have issued the following auditors' report for the annual financial statements and management report:

"We have audited the annual financial statements – comprising the balance sheet, the income statement, the cash flow statement, the statement of changes in equity, and the notes to the annual financial statements – together with the bookkeeping system and the management report of Société Générale Effekten GmbH, Frankfurt am Main, for the fiscal year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements correspond to the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a proper view of the Company's position and suitably presents the opportunities and risks of future development."

Frankfurt am Main, April 20, 2016
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hultsch

Knoll

Société Générale Effekten GmbH, Frankfurt am Main

Legal Relationships

1. Legal Basis

Société Générale Effekten GmbH is entered in the commercial register of Frankfurt am Main under HRB no. 32283. An excerpt from the commercial register dated March 11, 2016, with the most recent entry dated March 16, 2015, has been provided to us.

The applicable version of the Articles of Association is dated March 3, 1977, most recently amended on October 25, 1990.

Purpose of the Company

The purpose of the Company is the issuance and sale of securities and related activities, with the exception of activities requiring permission.

The Company can invest in other companies and establish branch offices in Germany and abroad.

Fiscal year

The fiscal year corresponds to the calendar year.

Share capital

The fully paid-in share capital still amounts to EUR 25,564.59. As of the balance sheet date, the shares continue to be held in their entirety by SG S.A., Paris.

Audit Committee

As a capital market-oriented enterprise, the Company already set up an Audit Committee in prior years comprising the following individuals:

- Peter Boesenberg, Chairman, salaried employee of SG Frankfurt branch office in the area of Marketing
- Dimitri Brunot, salaried employee of SG Frankfurt branch office in the area of Risk
- Achim Oswald, salaried employee of SG Effekten GmbH in the area of Finance
- Rainer Welfens, Managing Director of SG Effekten GmbH
- Heike Stuebban, salaried employee of SG Frankfurt branch office in the area of Finance

Management and representatives

The management comprised the following members during the reporting period:

- Jean-Louis Jégou, trained banker, Frankfurt am Main;
- Dr. Joachim Totzke, general counsel, Frankfurt am Main (until February 16, 2016);
- Rainer Welfens, graduate in business management, Saint Maur des Fossés, France (starting February 9, 2015); as well as
- Helmut Hoefer, attorney at law, Frankfurt am Main (starting February 16, 2016).

The managing directors are salaried employees of Société Générale S.A. Frankfurt branch office.

The Company is represented by two managing directors or by one managing director and an executive vested with power of commercial representation under German law ("Prokurist").

Jeanette Vollhardt, formerly Plachetka, Cologne (until February 16, 2016), and Achim Oswald, Frankfurt am Main, have joint power of commercial representation under German law.

Shareholder resolutions

In particular, the following shareholder resolutions were adopted in the reporting period:

Date	Resolution
February 2, 2015	Appointment of Rainer Welfens as Managing Director
May 5, 2015	Approval of the annual financial statements as of December 31, 2014 Inclusion of the profit as of December 31, 2014, with the existing retained profits brought forward Approval of the actions of the managing director for fiscal year 2014 Selection of Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main/Eschborn, as the auditor for the 2015 fiscal year
February 16, 2016	Removal of Dr. Joachim Totzke as the Company's Managing Director Appointment of Helmut Höfer to the management Cancellation of Jeanette Vollhardt's procuration

2. Significant agreements

Cost reimbursement agreement

There is an "agreement relating to issuance activity in SG Effekten" between SG Effekten GmbH and SG S.A. Paris dated May 1, 2005, governing the reimbursement of costs incurred in connection with SG Effekten's issuing activities, plus a lump sum for administrative costs in the amount of 5% on the part of SG S.A. Paris.

The agreement was entered into for a period of one year and is extended automatically for an additional year, unless one of the parties terminates the agreement 15 days prior to the expiration of the year.

Trust agreement

There is a trust agreement between SG Effekten GmbH and SG S.A. Paris dated February 28, 2006, governing the issue of bonds in the name of SG Effekten for the account of SG S.A. Paris.

SG Effekten undertakes to collect all proceeds from the issue of the bonds and forward them to SG S.A. Paris.

The trust agreement was entered into for a period of one year and is extended automatically for an additional year, unless it is terminated 15 days prior to the expiration of the year.

Global guarantee

With the signing of the "letter of comfort for SG Effekten" dated April 30, 2015, SG S.A. Paris confirmed that it carries all risk related to the issue of bonds – with the exception of activities requiring permission. This includes:

- ▶ Risk of default;
- ▶ Market price risk;
- ▶ Liquidity risk;
- ▶ Operational risk;
- ▶ Additional risks, should any arise.

Guarantee warrants

On July 24, 2013, SG S.A. Paris and SG Effekten signed a "deed of guarantee" covering all warrants up to an amount of EUR 75 million. The guarantee applies for one year.

Service Level Agreement

SG S.A. Frankfurt branch office and SG Effekten signed an SLA dated December 9, 2013, that governs the provision of the following services by the Frankfurt branch office for SG Effekten effective January 1, 2014:

- ▶ Management;
- ▶ Personnel (including payroll accounting, administrative functions);
- ▶ Central office duties and Global Technology Services ("GTS");
- ▶ Basic amenities, e.g. rents, cleaning, and security;
- ▶ Accounting & Finance Functions ("FIND"), including support in regulatory reporting.

Some services in the area of Accounting and Finance were outsourced by the Frankfurt branch office to the two Shared Service Centers SGGSC Bangalore (accounts payable, travel expenses) and/or SGEBS Bucharest (head office reporting, regulatory reporting).

The Frankfurt branch office bills SG Effekten for its services with a 10% surcharge.

The agreement was entered into for a period of one year and is extended automatically for an additional year, unless it is terminated 15 days prior to the expiration of the year.

Transfer agreement

A "letter of declaration regarding the allocation of the shares in Société Générale Effekten GmbH" was signed between SG S.A. Paris and SG S.A. Frankfurt branch office on December 21, 2015, whereby SG Effekten's interest continue to be attributed to the Corporate Center of SG S.A. Paris with the classification "BU 195"; however, the economic interests as well as all rights and obligations are attributed to the Frankfurt branch office.

In this context, SG Effekten and the Frankfurt branch office intend to enter into a profit-and-loss transfer agreement effective January 1, 2016. A final contract governing this agreement has not been formed.

3. Relationships with affiliated companies

SG Effekten is a wholly owned subsidiary of SG S.A. Paris. As a result of the transfer agreement dated December 21, 2015, the economic interests as well as all rights and obligations are to be attributed to SG S.A. Frankfurt branch office.

According to its business model, SG Effekten enters into transactions exclusively with related parties. No transactions have been effected based on irregular terms and conditions.

4. Tax relationships

According to the most recent tax audit report, a consolidated value added tax group has been formed with SG S.A. Paris. The dominant enterprise is the permanent establishment of SG S.A. Frankfurt branch office.

The most recently concluded tax audit of corporate income tax with a report dated October 26, 2012, included the tax assessment periods 2005 to 2009. In a letter dated December 7, 2015, audit orders were issued with respect to SG Effekten in accordance with section 193(1) of the German Tax Code (Abgabenordnung, AO) for the period from 2010 to 2012 as well as 2013. The subject of the audit is corporate income tax, including the solidarity surcharge, value added tax, municipal trade tax, investment income tax, interest discounts, and the individual findings pursuant to sections 27(2), 28(1) of the Corporate Income Tax Act (Körperschaftsteuergesetz, KStG).