

STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2016

ASSETS

	June 30, 2016 EUR	December 31, 2015 EUR
A. CURRENT ASSETS		
Accounts receivable and other assets		
1. Receivables from affiliated companies		
a) Receivables from investment of issue proceeds	9,453,100,094.49	11,502,884,854.81
- thereof due in more than one year:		
EUR 4,224,267,403.82		
(prior year: EUR 4,685,641,548.90)		
b) Other receivables	1,993,010.47	2,528,800.40
- thereof due in more than one year:		
EUR 0.00 (prior year: EUR 0.00)		
2. Other assets	9,746,442,870.55	12,457,643,687.07
- thereof due in more than one year:		
EUR 7,799,582,458.55 (prior year: EUR 8,486,037,792.87)		
- thereof affiliated companies		
EUR 9,746,383,432.55 (prior year: EUR 12,457,625,359.99)		
	<u>19,201,535,975.51</u>	<u>23,963,057,342.28</u>
 B. DEFERRED TAX ASSETS	 39,736.01	 35,703.24
 C. TRUST ASSETS		
Receivables	4,920,119,260.66	5,004,705,533.48
- thereof due in more than one year:		
EUR 2,241,269,546.58 (prior year: EUR 3,398,643,272.25)		
- thereof affiliated companies		
EUR 4,920,119,260.66 (prior year: EUR 5,004,705,533.48)		
	<u>24,121,694,972.17</u>	<u>28,967,798,579.00</u>

EQUITY AND LIABILITIES

	June 30, 2016 EUR	December 31, 2015 EUR
A. EQUITY		
I. Subscribed capital	25,564.59	25,564.59
II. Profit carried forward	1,137,724.99	1,008,056.34
III. Net income	<u>51,263.78</u>	<u>129,668.65</u>
	1,214,553.36	1,163,289.58
 B. PROVISIONS		
I. Provisions for pensions and similar obligations	253,210.22	240,578.22
II. Tax provisions	0.00	0.00
III. Other provisions	<u>356,820.00</u>	<u>514,500.00</u>
	610,030.22	755,078.22
 C. LIABILITIES		
I. Liabilities from issued certificates	9,453,100,094.49	11,502,884,854.81
- thereof due within one year:		
EUR 5,228,832,690.67 (prior year: EUR 6,817,243,305.91)		
- thereof affiliated companies		
EUR 9,453,100,094.49 (prior year: EUR 11,502,884,854.81)		
II. Trade accounts payable	46,693.50	244,638.56
- thereof due within one year:		
EUR 46,693.50 (prior year: EUR 244,638.56)		
III. Amounts payable to affiliated companies	212,326.10	416,739.00
- thereof due within one year:		
EUR 212,326.10 (prior year: EUR 416,739.00)		
IV. Other liabilities	9,746,392,013.84	12,457,628,445.35
- thereof due within one year:		
EUR 1,946,800,974.00 (prior year: EUR 3,971,590,652.48)		
- thereof from taxes: EUR 8,581.29 (prior year: EUR 3,085.36)		
- thereof affiliated companies		
EUR 9,746,383,432.55 (prior year: EUR 12,457,625,359.99)		
	<u>19,199,751,127.93</u>	<u>23,961,174,677.72</u>
 D. TRUST LIABILITIES		
Certificates	4,920,119,260.66	5,004,705,533.48
- thereof due within one year:		
EUR 2,678,849,714.08 (prior year: EUR 1,606,062,261.23)		
- thereof affiliated companies		
EUR 4,920,119,260.66 (prior year: EUR 5,004,705,533.48)		
	<u>24,121,694,972.17</u>	<u>28,967,798,579.00</u>

SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBHFRANKFURT AM MAININCOME STATEMENTFOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2016

	January 1, 2016 to June 30, 2016 EUR	January 1, 2015 to June 30, 2015 EUR
1. Income from option activities	7,015,823,140.03	6,705,917,003.49
2. Expenses from option activities	7,015,823,140.03	6,705,917,003.49
3. Income from certificate activities	8,182,654,981.30	7,014,765,033.00
4. Expenses from certificate activities	8,182,654,981.30	7,014,765,033.00
5. Other operating income	1,471,089.50	2,306,526.91
6. Personnel expenses		
a) Wages and salaries	114,194.23	89,321.40
b) Social welfare contributions and expenses for pensions and other benefit costs thereof for pensions EUR 12,632.00 (mid-year 2015: EUR 17,135.44)	34,148.98	37,628.21
7. Other operating expenses	1,251,485.10	2,086,878.13
8. Other interest and similar income	0.39	80.64
- thereof from affiliated companies EUR 0.00 (mid-year 2015: EUR 80.64)		
9. Interest and similar expenses	2,844.68	8,923.28
- thereof from affiliated companies EUR 2,821.63 (mid-year 2015: EUR 8,923.28)		
10. Income from ordinary activities	68,416.90	83,856.53
11. Income taxes	17,153.11	23,151.95
- thereof from deferred tax assets: EUR 4,032.77 (mid-year 2015: EUR 3,619.25)		
12. Net income	51,263.78	60,704.58

Société Générale Effekten GmbH
Frankfurt am Main

Notes to the Financial Statements
for the First Half of Financial Year 2016
Interim Financial Statements as of June 30, 2016

Notes to the annual financial statements for the period ended June 30, 2016 and other disclosures

The half-year financial statements of Société Générale Effekten GmbH for the period ended June 30, 2016, were prepared in accordance with the accounting regulations of the German Commercial Code (Handelsgesetzbuch, "HGB") and the supplementary provisions of the German Limited Liability Companies Act (Gesetz betreffend die Gesellschaften mit Beschränkter Haftung, "GmbHG") in compliance with German accepted accounting principles.

1. Accounting policies

Receivables are recognized at nominal value plus accrued interest. Liabilities not covered by hedging transactions are recognized at the settlement amount.

Deferred taxes are calculated based on temporary differences between the commercial and tax accounts in accordance with Section 274 HGB. The deferred tax assets presented in the balance sheet in the amount of EUR 39,736.01 resulted exclusively from temporary differences between the commercial-law carrying amounts and the tax bases in the pension provisions. The tax rate used to calculate deferred taxes was 31.93%.

Provisions for pensions were measured at the settlement amount necessary according to prudent business judgment (Section 253 I sentence 2 HGB) based on actuarial principles taking into account the mortality tables 2005 G. They are discounted at an average market rate based on an estimated remaining term of 15 years (Section 253 II sentence 2 HGB). The projected unit credit method is applied as the actuarial method of measurement. An actuarial interest rate of 3.89% (previous half-year: 4.62%), a benefits dynamic of 2.90% (previous half-year: 2.90%), and a pension dynamic of 1.90% (previous half-year: 1.90%) were used as parameters for the provisions for pension commitments. The effects of changes in interest rates are presented in the Operating result under the item of "Social security and pension expenses." The Other provisions due in up to one year are not discounted to present value and are measured at the necessary settlement amount according to prudent business judgment.

Option premiums are recorded as other assets or other liabilities until they are exercised or expire. When they are exercised or expire, they are transferred to profit or loss. They are presented within the items of "Income from option trades" or "Expenses of option trades."

Issued certificates are presented as liabilities under issued certificates until they are payable. The issued certificates are offset by hedging transactions that are presented under receivables from affiliated companies.

Liabilities under issued certificates and warrants and the hedging transactions presented under "Receivables and other assets" were aggregated into valuation units and recognized as liabilities measured at acquisition cost in the amount of the issue proceeds. They represent perfect micro-hedges. In accordance with Section 254 HGB, they are not remeasured in subsequent periods due to their classification as a valuation unit, i.e., the net hedge presentation method is employed in this case due to the non-recognition of the offsetting changes in value (Section 285 no. 19b and c HGB as well as Section 285 no. 23 a and b HGB). It was not necessary to charge valuation allowances on Receivables and other assets.

The presented liabilities from the issuance of certificates and warrants are generally hedged by means of maturity-matched financial instruments in the same currency and with the same price risks.

The liabilities not aggregated into valuation units are measured at the settlement amount. These are "Trade payables" and "Payables due to affiliated companies." The corresponding income statement item for such liabilities is presented within "Other operating expenses."

The warrants and certificates issued as of the balance sheet date were completely hedged against changes in market prices by means of hedging transactions with the shareholder.

In addition, the Company operates under a trust agreement with the sole shareholder, Société Générale S.A., Paris.

The corresponding financial instruments are presented on the assets side of the balance sheet within the item of "Trust assets" and on the equity and liabilities side within the item of "Trust liabilities."

The certificates issued under trust transactions are covered by hedging transactions presented under trust assets. These transactions are recognized at cost.

2. *Balance sheet disclosures*

Receivables due from affiliated companies in the amount of EUR 9,454,347 thousand (first half 2015: EUR 10,407,837 thousand) are due from the shareholder and also include a bank account balance in favor of the Société Générale Frankfurt branch in the amount of EUR 746 thousand.

Other assets mainly include the OTC options acquired by the shareholder to hedge the issued warrants. They amounted to EUR 9,746,443 thousand (H1 2015: EUR 13,438,028 thousand).

Trust receivables in the amount of EUR 4,920,119 thousand (H1 2015: EUR 4,873,483 thousand) consist of funds passed on to the shareholder from several certificates issued on behalf of the shareholder.

Other provisions result mainly from provisions for issuing costs as well as auditing and consulting expenses. They amounted to EUR 357 thousand (H1 2015: EUR 416 thousand).

Trust liabilities in the amount of EUR 4,920,119 thousand (H1 2015: EUR 4,873,483 thousand) include the issuance of certificates issued in the Company's own name on behalf of third parties.

Certificates (issued) denominated in foreign currencies are presented within the liability items of "Liabilities under issued certificates" and "Trust liabilities – certificates" in the total amount of EUR 96,947 thousand (EUR 4,189 thousand in AUD, EUR 9,279 thousand in CAD, EUR 490 thousand in CHF, and EUR 82,989 thousand in USD). The corresponding hedging transactions are recognized in the same amounts within the asset items of "Receivables from the investment of issue proceeds" and "Trust assets – receivables." Currency translation for accounting purposes is effected at the historical exchange rate on the posting date by forming valuation units (net hedge presentation method), with due consideration given to the prospectus terms and conditions of each issue. Because currency risks are hedged, exchange rate fluctuations have no effect on the income statement.

Warrants (issued) denominated in foreign currencies are presented within the liability item of "Other liabilities" in the total amount of EUR 2,022,141 thousand (EUR 138,946 thousand in GBP, and EUR 1,883,195 thousand in SEK). The corresponding hedging transactions are presented in the same amount within the asset item of "Other assets." Currency translation for accounting purposes is effected at the historical exchange rate on the posting date by forming valuation units (net hedge presentation method), with due consideration given to the prospectus terms and conditions of each issue. Because currency risks are hedged, exchange rate fluctuations have no effect on the income statement.

The liabilities/ trust liabilities in the amount of EUR 19,199,751 / 4,920,119 consisted mainly of Liabilities due to affiliated companies (EUR 24,119,815 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	9,453,100	5,228,833	2,240,077	1,984,190
- Other receivables	1,993	1,933		
- From trust accounts	4,920,119	2,678,850	2,076,389	164,880
Other assets	9,746,443	1,946,860	4,169,285	3,630,298
Liabilities				
- From issued certificates	9,453,100	5,228,833	2,240,077	1,984,190
- Trade payables	47	47		
- Due to affiliated companies	212	212		
- From trust accounts	4,920,119	2,678,850	2,076,389	164,880
Other liabilities	9,746,392	1,946,810	4,169,285	3,630,298
- thereof taxes	7	7		

3. Income statement disclosures

The income statement was prepared using the total cost (nature of expense) method.

Other operating income relates mainly to costs assumed by the shareholder.

Other operating expenses comprise mainly issuing costs and legal and consulting expenses as well as costs associated with stock exchanges.

Taxes on income relate to the result from ordinary activities.

They amounted to EUR 17 thousand (H1 2015: EUR 23 thousand) and included deferred taxes in the amount of EUR 4 thousand.

4. Disclosures regarding new issue activities

All issues are completely hedged by identically structured OTC options or by the investment of issue proceeds with Société Générale S.A., Paris.

As a general rule, the fair values of financial derivatives and bonds with embedded derivatives are determined on the basis of market values; in case of illiquid markets, fair values are determined on the basis of internal models. These "in-house valuation models" are regularly tested by specialists of the Risk Department of Société Générale S.A., Paris. Option-type derivative financial instruments are measured by Société Générale S.A., Paris on the basis of generally recognized option price models.

Given the existence of an active market, the quoted prices of stock exchanges, brokers, and pricing agencies are used.

The type, scope, and fair values of derivative hedging transactions as of the reporting date are as follows. The Company holds 35,520 OTC options with a market value of EUR 6,511 million to hedge equity and index warrants, 3,573 OTC options with a market value of EUR 496 million to hedge currency warrants, 3,107 OTC options with a market value of EUR 3,942 million to hedge commodity warrants, and 4,116 OTC options with a market value of EUR 917 million to hedge interest warrants.

In addition, the Company holds 39,623 certificates with a market value of EUR 11,187 million, including trust transactions.

As of June 30, 2016, the carrying amount of the warrants presented here totaled EUR 9,746 million, presented within the balance sheet item of Other liabilities. As of June 30, 2016, the carrying amount of issued certificates totaled EUR 14,373 million, presented within the balance sheet items of Liabilities from issued certificates and Trust liabilities.

5. Disclosures regarding the fees recognized as expenses in the first half of financial year 2016

The fee recognized as audit expenses for the first six months of financial year 2016 amounts to EUR 50 thousand.

6. Disclosures regarding board members and employees

The following individuals were appointed as managing directors in the first six months of financial year 2016:

Jean-Louis Jégou, trained banker, Frankfurt am Main
 Helmut Höfer, lawyer, Frankfurt am Main (from February 16, 2016)
 Herr Rainer Welfens, business economist, Frankfurt am Main.

The current managing directors Mr. Jean-Louis Jégou, Mr. Helmut Höfer, and Mr. Rainer Welfens are salaried employees of Société Générale S.A., Frankfurt am Main branch office. Expenses totaling EUR 11 thousand were charged to Société Générale Effekten GmbH in the first six months of financial year 2016 as remuneration for the managing directors.

The Company had an average of 2 employees during the financial half-year.

As a capital market-oriented company, an Audit Committee was set up in accordance with Section 264d HGB comprising the following members:

Peter Boesenberg (Chairman)
 Dimitri Brunot
 Achim Oswald
 Rainer Welfens
 Heike Stuebban

7. Group affiliation

Until December 2015, the parent company of Société Générale Effekten GmbH was Société Générale S.A., Paris. At the reporting date of June 30, 2016, Société Générale Frankfurt Branch held 100% of the equity in Société Générale Effekten GmbH.

The parent company of Société Générale Frankfurt is Société Générale S.A., Paris. The publication of the consolidated financial statements of Société Générale S.A., Paris, is announced in France in the "Bulletin des Annonces Légales et Obligatoires (BALO) in the Section entitled "Publications Périodiques" (R.C.S: 552 120 222).

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

Frankfurt am Main, August 31, 2016

Management

Société Générale Effekten GmbH

Jean-Louis Jégou

Helmut Höfer

Rainer Welfens

**Société Générale Effekten GmbH
Frankfurt am Main**

**Management Report
for the First Half of Financial Year 2016**

A. Legal and commercial basis of the Company

Société Générale Effekten 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 able to list its products on various stock exchanges in the European Union (stock exchanges in Madrid, Milan, Paris, Luxembourg, London, Stockholm, Helsinki, etc.). If products are listed on a stock exchange in a country that is not a member of the European Union, permission is given by the supervisory authority of that 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. Economic and financial review

I. Operating conditions in the first half of financial year 2016

Economic growth in Germany continued to be robust in the first half of 2016, albeit not as dynamic as before. Compared to the Eurozone, however, Germany's growth was above-average. The economic growth had a positive effect on the labor market and employment subject to social security contributions. The global economy registered moderate growth. The recession in Brazil appears to be easing and economic growth in China is still high, although slowing.

The price of oil has recovered after reaching historical lows in mid-January 2016, but is still at a relatively low level, which has a positive effect on economic growth. Another factor supporting the economy are the continued low-cost financing terms, due to the monetary policy actions of major central banks.

The Brexit referendum provoked massive turmoil in the equity markets. Bank shares in particular came under pressure in the wake of the referendum result. Consequently, foreign trade risks have increased. In addition, some leading indicators point to a weakening of the economy in the United Kingdom.

The migration of refugees from the war-torn regions of Syria has diminished markedly, but continues to strain public-sector budgets and municipalities. Integrating the refugees into society and the labor market represents another major challenge.

The complexity of government regulation and oversight continued in 2016 (capital requirements, detailed requirements for risk management systems; required content and frequency of disclosure obligations). The complexity is mainly the result of the European harmonization and the application of regulations to internationally active enterprises. A uniform oversight mechanism was established to ensure uniform bank regulation standards. Most of the regulations and procedural rules applicable in Germany are increasingly being issued in the European context.

The changes in underlying instruments (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 facts mentioned above, the Management deems the effects of economic conditions on the Company to be positive, so that the increase in issuance activity that began in 2015 can be continued in the second half of 2016. The goal is to improve the Company's competitive position in the market.

The Company reacted quickly to the volatility of markets in the first half of 2016 by launching new products or modifying existing products in its issuance activity.

II. Business developments

Compared to the first half of 2015, there was a modest increase in issuance activity in the reporting period. New issues were almost 9.4 percent higher in the first half of 2016.

In the first half of 2016, the Company issued warrants for a total of 90,383 products (H1 2015: 74,359).

In addition, 22,402 certificate products were issued (H1 2015: 28,765). As in prior periods, these were mainly bonus and discount certificates.

III. Net assets, financial position and results of operations

a) Net assets

Compared to the reporting date of December 31, 2015, total assets decreased by EUR 4,846 million to the current EUR 24,122 million. The balance sheet mainly comprises the positions of issued securities and the corresponding hedging instruments, and varies in dependence on the issuance activity.

Changes in the net asset position result only from the reimbursement of issuance costs incurred under 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 1,138 thousand in profit carried forward (H1 2015: EUR 1,008 thousand). The Company's equity increased by the earned net income of EUR 51 thousand (previous half-year: EUR 61 thousand) to EUR 1,215 thousand (previous half-year: EUR 1,094 thousand).

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

Liabilities result mainly from 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 income statement.

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

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.

The liabilities from the issuance of certificates and warrants are generally hedged by means of maturity-matched financial instruments in the same currency and with identical market price risks.

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 June 30, 2016, the Company held cash and cash equivalents in the amount of EUR 746 thousand.

IV. Financial/ non-financial performance indicators

Due to the fact that the Company is a pure issuance vehicle, financial performance indicators are not relevant.

The Company is managed internally using the systems and controls of the parent company, for the most part. The parent company is constantly working to adjust systems and monitoring processes in order to increase 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)

The growth strategy of Société Générale is still focused on Germany, as the world's second-biggest market for warrants and certificates. Société Générale Effekten GmbH will seek to further strengthen its market position by way of a project to increase its issuance activity.

The Management expects the Company's issuance activity to increase further in the remainder of financial year 2016. This goal will be supported by the automation of the issuance process that was begun in 2015 and the resulting capacity increases and enhanced efficiency of the issuance process. Given the volatile market environment, moreover, a heightened volume of follow-on issues of turbo-warrants is to be expected, as barriers are breached. Furthermore, the long-term consequences of Brexit for the markets are difficult to predict.

As in prior periods, the Company will offer a broad range of products in the area of warrants and certificates again in the second half of 2016.

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

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 conduct its own risk management or internal control activities because all risks incurred are transferred to the parent company within the scope of a "global guarantee."

Potential risks in the second half of 2016 are discussed 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 the 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. Adherence to the 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 the first half of financial year 2016 in the following areas:

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

There have been no significant changes to risks compared to the prior period. Based on the information available today, no risks that could endanger the Company's continued operation as a going concern can be discerned.

The new product process described in the report on opportunities does not activate existing or new risks.

The hedging relationships between issued certificates and warrants or offsetting transactions are assured at all times by means of complete symmetrical modeling.

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 anticipates a further increase in business activity.

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 effective operation of controls is centrally assured by the applications provided by the Group.

Periodic controls conducted by the Internal Audit Department and the implementation of measures to rectify identified deficiencies also contribute to more effective monitoring.

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 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" but also "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. As of the reporting date, it consisted 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 on a quarterly basis.

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 to ensure correct posting and the subsequent processing in the service centers.. For this purpose, they also rely on the information posted online in the “Accounting” section of the intranet for business operations in general and for accounting-related 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 departments 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" application (GPS). 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 gradually 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 first half of financial year 2016.

Frankfurt/Main, August 31, 2016

The Management

Société Générale Effekten GmbH

Jean-Louis Jégou

Helmut Höfer

Rainer Welfens

Cash Flow Statement

	30/06/2016 EUR	31/12/2015 EUR
1. Cash flow from operating activities		
Net income/net loss for the fiscal year before extraordinary items	51,263.78	129,668.65
Decrease (-) / Increase (+) in provisions	- 145,048.00	254,345.87
Decrease (+) / increase (-) in trade receivables as well as other assets not attributable to investment or financing activities	4,846,273,952.31	-6,663,046,827.85
Change in deferred taxes assets	- 4,032.77	-15,830.85
Decrease (-) /increase (+) in trade payables as well as other liabilities not attributable to investment or financing activities	- 4,846,009,822.61	6,663,337,648.63
Cash flow from continuing operations	166,312.72	659,004.45
2. Closing balance of cash funds		
Change in cash funds	166,312.72	659,004.45
Opening balance of cash funds	580,102.34	-78,902.11
Closing balance of cash funds	746,415.06	580,102.34
3. Composition of cash funds		
Liquid assets	746,415.06	580,102.34

Other disclosures as of 30.06.2016 in accordance with paragraph 52 of German Accounting Standard (DRS) 2:

- a) The daily payable demand deposits at 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, 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	129,668.65
Balance as of Dec. 31, 2015	25,564.59	1,137,724.99	1,163,289.58
Balance as of Jan. 1, 2016	25,564.59	1,137,724.99	1,163,289.58
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the mid-year	-	51,263.78	51,263.78
Balance as of June 30, 2016	25,564.59	1,188,988.77	1,214,553.36

To the best of our knowledge, and in accordance with generally acceptable accounting principles, the financial statements give a true and fair view of the Company's net assets, financial position and results of operations, and the management report gives a fair view of the situation of Société Générale Effekten GmbH and development of its business, and describes the main opportunities and risks related to the expected development of the Company.

Frankfurt am Main, Germany, 31 August 2016

Société Générale Effekten GmbH

Jean-Louis Jégou

Helmut Höfer

Rainer Welfens