

**Société Générale Effekten GmbH  
Frankfurt am Main**

**Management Report  
for the 2014 financial year**

**A. Legal and Commercial Basis of the Company**

Société Générale Effekten GmbH is a wholly-owned subsidiary of Société Générale S.A., Paris. 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.

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 lists its products on various stock exchanges in the European Union (stock exchanges in Madrid, Milan, Paris, Luxembourg, London, Stockholm, Helsinki, etc.).

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 2014**

The German economy grew at a moderate rate in financial year 2014. The foreign trade environment continued to have a braking effect; the adjustment processes to deal with the financial crisis in the southern part of the euro zone continued. Alongside the risks in the euro zone, the ongoing conflict between Russia and Ukraine together with the associated trade sanctions is a source of uncertainty. Domestic economic factors in Germany, on the other hand, continued to stabilize. Continued positive development in employment supports private consumer spending and thus reinforces economic development.

In terms of financial market policy, regulation, and supervision in 2014, the year was dominated by the reorganization of European banking supervision, the asset quality review and stress tests of major banks.

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. When launching new products in the past financial year 2014, the Company reacted quickly to such changes and created new products accordingly. The positive development of the German stock index led to premature “knock-out” of a large number of issues, which were replaced with new products.

## II. Business developments

Financial year 2014 was characterized by a sharp increase in products issued in the area of warrants compared to the prior year.

The issue amount per product has declined significantly compared to prior years due to the implementation of the “up-to global note” (conversion in 2011). In this process, the issue amount depends on expected demand and can be increased incrementally as needed. This reduces non-placement of the total issue.

Warrants for a total of 54,672 products (PY: 32,740) were issued in financial year 2014. Along with 30,220 products for stocks, 20,148 products were created for various indices, 124 for fixed income, 193 for foreign currencies, and 3,987 for commodities.

In addition, 12,362 certificate products were issued (PY: 15,872). These are primarily bonus and discount certificates, unchanged from the prior year.

## III. Net assets, financial position and results of operations

### a) Net assets

Total assets increased EUR 453 million year-on-year to the current EUR 22,304 million.

The company's share capital remains unchanged at EUR 26 thousand. In addition, the company holds EUR 905 thousand in profit carried forward. The company's equity increased by the earned net income of EUR 103 thousand (PY: EUR 98 thousand) to EUR 1,034 thousand (PY: EUR 931 thousand).

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

### 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.

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. 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.

## IV. Non-financial performance indicators

The parent company is working to adjust systems and monitoring processes in order to increase operating efficiency. In financial year 2014, this included migrating existing control processes to the Group Permanent Supervision system.

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

### **I. Expected development of the Company (forecast report)**

The changes in the internal and external system of reporting arising from the financial market crisis are continuing. These are being identified and implemented promptly in conjunction with the parent company.

For instance, a reporting procedure covering OTC regulations (EMIR) has been implemented.

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 strengthen its market position through a project to expand issuing activities.

The Company intends to offer a broad range of products in the area of warrants and certificates again in 2015.

Furthermore, the Company further intends to maintain its issuing activities in other European countries.

Earnings in financial year 2015 will be positive, factoring in the Company's strict risk-covering policy, and will be of a similar volume to the past financial 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.

#### 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 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.

The measures and processes described here made it possible to ensure that no operational risks occurred in financial year 2014 in the following areas:

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

### **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.

#### **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.

#### 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 internal controlling and risk management system 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 and thus ensure controlling of the outsourced activities. 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 "MORSE" 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, March 27, 2015

The Management

Société Générale Effekten GmbH

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Jean-Louis Jégou

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Dr. Joachim Totzke

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Rainer Welfens





SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBHFRANKFURT AM MAININCOME STATEMENTFOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2014

	<u>2014</u> EUR	<u>2013</u> EUR
1. Income from option activities	7,957,746,576.77	8,455,883,741.69
2. Expenses from option activities	7,957,746,576.77	8,455,883,741.69
3. Income from certificate activities	2,084,458,881.43	3,071,364,173.89
4. Expenses from certificate activities	2,084,458,881.43	3,071,364,173.89
5. Other operating income	3,592,770.23	4,054,006.62
6. Personnel expenses		
a) Wages and salaries	157,250.66	148,316.24
b) Social welfare contributions and expenses for pensions and other benefit costs thereof for pensions EUR 34.270,87 (prior year: EUR 36.797,87)	60,848.95	62,768.41
7. Other operating expenses	3,239,421.56	3,686,217.11
8. Other interest and similar income	167.18	1,256.82
- thereof from affiliated companies EUR 167.18 (prior year: EUR 1,256.82)		
9. Interest and similar expenses	4,322.72	3,546.99
- thereof from affiliated companies EUR 4,322.72 (prior year: EUR 3,546.99)		
10. Income from ordinary activities	<u>131,093.52</u>	<u>154,414.69</u>
11. Income taxes	28,009.72	56,391.53
- thereof from deferred tax assets: EUR 7,238.49 (prior year: EUR 6,603.40)		
12. Net income	<u><u>103,083.80</u></u>	<u><u>98,023.16</u></u>

**Société Générale Effekten GmbH  
Frankfurt am Main**

**Notes to the Annual Financial Statements  
for the 2014 financial year**

**Comments on the annual financial statements at December 31, 2014, and other disclosures**

The annual financial statements of Société Générale Effekten GmbH at December 31, 2014, 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. They were recognized in the statement of financial position as deferred tax assets in the amount of EUR 19,872.39 due to pension provisions. 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 4.62% (PY: 4.90%), 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. The other provisions with a remaining term of up to one year are not discounted and included 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.

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 included 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.

Liabilities not merged into measurement units and included on the liabilities side at their settlement value.

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 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 7,013,194 thousand (PY: EUR 10,056,813 thousand) owed by the shareholder.

**Other assets** primarily comprise the OTC options acquired by the shareholder to hedge issued warrants.

The **Trust receivables** 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.

The **Trust liabilities** 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 352,411 thousand (EUR 4,189 thousand from AUD, EUR 12,134 thousand from CAD, EUR 490 thousand from CHF, EUR 23,302 thousand from SEK, and EUR 312,296 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 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.

**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 3,139,651 thousand (EUR 43,1238 thousand from GBP and EUR 3,096,513 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.

**Breakdown of receivables and payables by maturity**

EUR'000	Total	Due in up to 1 year	Due in 1 to 5 years	Due in more than 5 years
<b>Receivables</b>				
- From investment of issue proceeds	7,011,368	3,206,461	1,657,689	2,147,218
- Other receivables	1,826	1,826	0	0
- From trust accounts	5,238,971	445,675	4,320,032	473,264
Other assets	10,051,970	3,443,315	2,665,283	3,943,372
<b>Liabilities</b>				
- From issued certificates	7,011,368	3,206,461	1,657,689	2,147,218
- Trade receivables	248	248	0	0
- Due to affiliated companies	79	79	0	0
- From trust accounts	5,238,971	445,675	4,320,032	473,264
Other liabilities	10,051,955	3,443,300	2,665,283	3,943,372

**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.

**4. Information on the issuing activities**

The total issue of financial year 2014 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.

WARRANT CATEGORY / CERTIFICATES	TYPE	FISCAL YEAR 2014			FISCAL YEAR 2013		
		NUMBER	VOLUME (IN UNITS)	LONGEST MATURITY	NUMBER	VOLUME (IN UNITS)	LONGEST MATURITY
<b>Warrants</b>							
Stock warrants	Call	3,833	222,314,000	29-Dec-20	4,477	4,396,151,000	21-Jan-33
	Put	1,876	108,808,000	29-Dec-15	1,647	520,322,000	03-Jan-25
	Open end turbo long	500	29,000,000	open end	127	6,733,000	open end
	Inline / StayHigh/ StayLow warrant	23,878	1,392,638,000	29-Mar-16	11,070	222,852,000	02-Jan-15
	Open end turbo short	122	7,076,000	open end	-	-	-
	Warrant	11	638,000	27-Mar-15	-	-	-
			<b>30,220</b>	<b>1,760,474,000</b>		<b>17,321</b>	<b>5,146,058,000</b>
Index warrants	Call	1,264	73,312,000	27-Jun-24	1,186	731,099,000	21-Jan-33
	Put	908	52,664,000	08-Jan-16	954	274,610,500	03-Jan-25
	Open end turbo short	172	9,876,000	open end	154	11,377,000	open end
	Open end turbo long	214	12,412,000	open end	169	17,449,000	open end
	Inline /StayHigh/ StayLow warrant	17,369	1,007,402,000	24-Jun-16	9,219	185,648,845	26-Jun-15
	Warrant	108	6,264,000	28-Jun-19	-	-	-
	Discount warrant	110	6,380,000	25-Feb-15	120	6,420,000	03-Jan-14
	Condor warrant	-	-	-	1	100,000	03-Jan-14
	Other	3	174,000	29-Dec-15	32	910,000	open end
			<b>20,148</b>	<b>1,168,584,000</b>		<b>11,835</b>	<b>1,227,614,345</b>
Currency warrants	Open end turbo short	55	3,130,000	open end	98	88,134,000	open end
	Open end turbo long	61	3,538,000	open end	85	67,200,000	open end
	Call	47	2,726,000	26-Jun-15	-	-	-
	Put	30	1,740,000	22-Jun-16	-	-	-
		<b>193</b>	<b>11,194,000</b>		<b>183</b>	<b>155,334,000</b>	
Commodity warrants	Call	421	24,418,000	18-Dec-20	654	117,063,500	22-Dec-18
	Put	135	7,830,000	02-Nov-18	357	50,197,000	22-Dec-17
	Open end turbo short	426	24,708,000	open end	493	88,538,000	open end
	Open end turbo long	371	21,518,000	open end	593	94,999,000	open end
	Inline /StayHigh/ StayLow warrant	2,629	152,482,000	18-Mar-16	1,099	22,880,000	20-Dec-13
	Hamster warrant	-	-	-	-	-	-
	Call discount warrant	-	-	-	15	300,000	18-Nov-13
	Warrant	5	250,000	27-Mar-15	-	-	-
	Corridor hit warrant	-	-	-	7	130,000	03-Jan-14
		<b>3,987</b>	<b>231,246,000</b>		<b>3,218</b>	<b>374,107,500</b>	
Fixed income	Call	-	-	-	-	-	-
	Put	-	-	-	-	-	-
	Open end turbo short	63	3,854,000	open end	64	3,240,000	open end
	Open end turbo long	61	3,538,000	open end	48	2,947,000	open end
		<b>124</b>	<b>7,192,000</b>		<b>112</b>	<b>6,187,000</b>	
Two/multiple base values	Alpha warrant	-	-	-	71	160,000	21-Jan-33
		<b>0</b>	<b>0</b>		<b>71</b>	<b>160,000</b>	
<b>TOTAL warrants:</b>		<b>54,672</b>	<b>3,178,690,000</b>		<b>32,740</b>	<b>6,909,460,845</b>	

WARRANT CATEGORY / CERTIFICATES	TYPE	FISCAL YEAR 2014			FISCAL YEAR 2013		
		NUMBER	VOLUME (IN UNITS)	LONGEST MATURITY	NUMBER	VOLUME (IN UNITS)	LONGEST MATURITY
<b>Certificates</b>							
Stock certificates	Bonus	4,743	266,858,000	25-Jan-21	3,705	78,168,800	29-Aug-17
	Discount	1,934	112,172,000	23-Dec-16	1,468	34,648,000	02-Jan-15
	Express	243	14,094,000	29-Dec-20	299	1,271,720	19-Aug-19
	Leverage	-	-	-	-	-	-
	Outperformance	-	-	-	60	677,300	26-Jun-15
	Alpha	-	-	-	1	7,000	03-Jan-14
	Other	21	1,218,000	07-Jan-22	20	160,000	27-Jun-14
		6,941	394,342,000		5,553	114,932,820	
Bonds	Stocks	294	17,052,000	29-Mar-16	37	273,904	15-Apr-33
	Index-linked	-	-	-	-	-	-
	Interest-linked	-	-	-	14	32,864	28-Feb-23
	Inflation-indexed	-	-	-	3	1,040	08-Mar-23
	Reverse convertible	-	-	-	-	-	-
	Other	3	174,000	07-Apr-16	2	10,650	22-May-17
		297	17,226,000		56	318,458	
Loans	Credit-linked note	1	58,000	01-Oct-20	-	-	-
		1	58,000		0	0	
Index certificates	Bonus	3,503	203,174,000	22-Dec-17	6,428	106,752,725	open end
	Discount	915	53,070,000	22-Dec-17	3,351	20,591,090	29-Dec-15
	Express	201	11,658,000	08-Dec-22	75	1,638,470	27-Jan-20
	Leverage	7	406,000	00.01.1900	43	259,550,000	23-Feb-18
	Outperformance	-	-	-	5	320,700	27-Jan-17
	Other	58	3,422,000	01-Jan-99	39	421,350	open end
			4,685	271,730,000		9,941	389,274,335
Currency certificates	Other	-	-	-	1	300	14-Mar-19
		0	0		1	300	
Commodity certificates	Guarantee	-	-	-	-	-	-
	Bonus	46	2,668,000	22-Mar-18	13	295,500	25-Feb-20
	Discount	382	22,156,000	04-Nov-19	304	1,448,000	19-Dec-14
	Express	8	464,000	09-Apr-19	-	-	-
	Leverage	-	-	-	-	-	-
	Other	2	116,000	17-Aug-20	4	334,000	open end
		438	25,404,000		321	2,077,500	
Fund certificates	Other	-	-	-	-	-	-
		0	0		0	0	
Futures certificates	Index-linked	-	-	-	-	-	-
	Bonus	-	-	-	-	-	-
		0	0		0	0	
<b>TOTAL certificates</b>		<b>12,362</b>	<b>708,760,000</b>		<b>15,872</b>	<b>506,603,413</b>	
<b>Total certificates and warrants:</b>		<b>67,034</b>	<b>3,887,450,000</b>		<b>48,612</b>	<b>7,416,064,258</b>	

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 30,851 OTC options with a market value of EUR 9,987 million to hedge the stock and index warrants, 351 OTC options with a market value of EUR 159 million to hedge the foreign currency warrants, and 4,209 OTC options with a market value of EUR 2,795 million to hedge the raw materials warrants. There were no fixed-income warrants or corresponding hedges in the portfolio at the reporting date.

In addition, the Company holds 14,157 certificates with a market value of EUR 12,212 million, including trust transactions.

The carrying amount of the warrants listed here at December 31, 2014, is EUR 9,877 million, which is included in the Other Liabilities item on the statement of financial position. The carrying amount of the issued certificates at December 31, 2014, is EUR 12,301 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 2014, which was recognized as expense in financial year 2014, is EUR 50 thousand.

#### **6. Statements on members of company bodies and employees**

The following individuals were appointed as managing directors in financial year 2014:

Mr. Jean-Louis Jégou, banker, Frankfurt am Main  
 Dr. Joachim Totzke, general counsel, Frankfurt am Main  
 Dr. Ulrich Scheuerle, tax consultant, Frankfurt am Main (until December 1, 2014)

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.

The managing directors Jean-Louis Jégou and Dr. Joachim Totzke 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 12 thousand as remuneration for the managing director work were passed on to Société Générale Effekten GmbH for financial year 2014.

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)  
 Ms. Catherine Bittner (until December 15, 2014)  
 Mr. Dimitri Brunot (starting December 15, 2014)  
 Mr. Achim Oswald  
 Mr. Rainer Welfens (starting December 15, 2014)  
 Ms. Heike Stuebban

**7. Group affiliation**

The parent company of Société Générale Effekten GmbH that prepares consolidated financial statements 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](http://www.socgen.com).

Frankfurt am Main, March 27, 2015

The Management

Société Générale Effekten GmbH

\_\_\_\_\_  
Jean-Louis Jégou

\_\_\_\_\_  
Dr. Joachim Totzke

\_\_\_\_\_  
Rainer Welfens



## Cash Flow Statement

	2014 EUR	2013 EUR
<b>1. Cash flow from operating activities</b>		
Net income for the fiscal year before extraordinary items	103,083.80	98,023.16
Increase / Decrease (-) in provisions	-2,141.78	75,083.15
Increase (-) / Decrease (+) in receivables as well as other assets not attributable to investment or financing activities	-453,240,229.36	8,582,553,063.81
Increase deferred tax assets	-7,238.49	-6,603.40
Increase / Decrease in liabilities under issued certificates as well as other liabilities not attributable to investment or financing activities	452,708,882.32	-8,582,830,741.24
Cash flow from continuing operations	-437,643.51	-111,174.52
<b>2. Closing balance of cash funds</b>		
Change in cash funds	-437,643.51	-111,174.52
Opening balance of cash funds	358,741.40	469,915.92
Closing balance of cash funds	-78,902.11	358,741.40
<b>3. Composition of cash funds</b>		
Liquid assets	-78,902.11	358,741.40

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

- a) Daily payable 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".
- 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
<b>Balance as of Jan. 1, 2012</b>	<b>25,564.59</b>	<b>591,482.34</b>	<b>617,046.93</b>
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year	-	215,467.04	<b>215,467.04</b>
<b>Balance as of Dec. 31, 2012</b>	<b>25,564.59</b>	<b>806,949.38</b>	<b>832,513.97</b>
<b>Balance as of Jan. 1, 2013</b>	<b>25,564.59</b>	<b>806,949.38</b>	<b>832,513.97</b>
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year	-	98,023.16	<b>98,023.16</b>
<b>Balance as of Dec. 31, 2013</b>	<b>25,564.59</b>	<b>904,972.54</b>	<b>930,537.13</b>
<b>Balance as of Jan. 1, 2014</b>	<b>25,564.59</b>	<b>904,972.54</b>	<b>930,537.13</b>
Distribution of dividends	-	-	-
Other changes	-	-	-
Net income for the year	-	103,083.80	<b>103,083.80</b>
<b>Balance as of Dec. 31, 2014</b>	<b>25,564.59</b>	<b>1,008,056.34</b>	<b>1,033,620.93</b>

## **Audit opinion of the independent auditor**

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, 2014. The maintenance of the books and records and preparation of the annual financial statements and management report pursuant to 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 (IDW). Those standards require that we plan and perform the audit such that misstatements and violations 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 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 the 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 of Société Générale Effekten GmbH, Frankfurt am Main, 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 principles of proper accounting. The management report is consistent with the annual financial statements and on the whole provides a suitable understanding of the Company's position and suitably presents the risks and opportunities of future development.

Frankfurt am Main, March 27, 2015

**Deloitte & Touche GmbH**  
Wirtschaftsprüfungsgesellschaft

(Nemet)  
Wirtschaftsprüfer (German Public Auditor)

(Klüber)  
Wirtschaftsprüfer (German Public Auditor)