SG Issuer
Société anonyme

Financial statements and report of the réviseur d'entreprises agréé

For the year ended 31 December 2013

33, boulevard Prince Henri

L-1724 Luxembourg

R.C.S. Luxembourg: B121.363

SG Issuer

Société Anonyme

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Report of the Executive Board

SG Issuer S.A.

The Directors of the Company (each a « Director », collectively the « Executive Board ») present the annual financial statements and the Report of the Executive Board of the Company for the year from 1 January 2013 to 31 December 2013.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The corporate objects of SG Issuer are to issue debt securities, bonds, certificates (the « Notes ») with all types of underlyings including, without restriction, shares, index, interest rate, dividend, credit risk, foreign exchange, commodities, funds, warrants, ..., allowing investors to access to the full pricing capabilities of Société Générale which proposes an extensive range of investment strategies linked to these various asset classes.

Payments in respect of the Notes issued by the Company will be unconditionally and irrevocably guaranteed by Société Générale. In addition, on request of investors, the Company can issue collateralised Notes ("Secured Notes") in order to propose an additional layer of protection to investors, in case of default of Société Générale. Notes issuances are governed by the Base Prospectus prepared by Société Générale as arranger, in particular the Base Prospectus approved by CSSF on the on the 26 June 2012 and the Base Prospectus approved by CSSF on the 29 April 2013. Notes issued by the Company can be sold in either Private Placements or Public Offerings.

The state of business of the Company at the closing of the financial year is adequately presented in the Balance sheet and the Profit and Loss Account, published herewith. The significant increase in total assets and liabilities is due to the development of the activity of issuing financial instruments. During the annual year ended 31 December 2013, 7280 Notes were issued, including 125 Secured Notes. The profit for the annual financial period amounts to KEUR 482.

The Company did not exercise any research and development activity, neither have a branch, nor acquire own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes depend on several factors. Such factors will vary depending on the characteristics of the Notes issued, in particular depending on the underlying type of the Notes, their maturity, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by dealing a swap in front of Société Générale, with strictly identical characteristics. The legal documentation and the derivatives instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company.

3. FUTURE DEVELOPMENTS

The Executive Board does not anticipate any major changes during the financial year 2014 but expects an increase of the Notes issued during the year 2014. The Company also intends to issue warrants in the second semester of 2014, subject to all the internal and regulatory approvals needed.

4. POST BALANCE SHEET EVENTS

By resolutions adopted on 13 January 2014, the Executive Board decided to increase the capital of the Company from EUR 2 000 000 to EUR 2 000 040 by the issue of a new share with a nominal value of EUR 40 underwritten by the only shareholder. The share capital represents, after this increase, 50 001 shares with an unchanged nominal value. Such increase also resulted in an allocation by the Company to its capital surplus account of EUR 98 513 391.
There was no other subsequent event which could have had significant impact on the financial statements of the Company as at 31 December 2013.

A. GALLICHE

Marc AUGIER

Y. CACCLIN

Executive Board Members:
For the year ended at 31 December 2013

Chairman:

Mr Yves CACCLIN

Employee of Société Générale Bank and Trust

33 Boulevard Prince Henri L-1724 Luxembourg

Directors :

Mrs Sophie ROBATCHE-CLAIVE

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense, France

Mr John THIRARD

Employee of Société Générale

Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense, France

Mr Alexandre GALLICHE

Employee of Société Générale Bank and Trust

33 Boulevard Prince Henri L-1724 Luxembourg

Mr Marc AUGIER

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To the sole Shareholder of
SG Issuer
33, boulevard Prince Henri
L-1724 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the financial statements

Following our appointment by the General Assembly of the Shareholders dated April 24, 2013, we have audited the accompanying financial statements of SG Issuer, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Deloitte.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SG Issuer as of December 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Report of the Executive Board, which is the responsibility of the Executive Board, is consistent with the financial statements.

For Deloitte Audit, *Cabinet de révision agréé*

Stéphane Césari, *Réviseur d'entreprises agréé*
Partner

April 29, 2014

SG Issuer
Société Anonyme

Statement of Comprehensive Income
For the year ended 31 December 2013
(Expressed in thousands of EUR)

	Notes	2013	2012
Interest income	13	3 965	5 538
Net gain from financial instruments through profit and loss	14	105 623	1 267
Total revenue		**109 588**	**6 805**
Interest expenses	13	(102 186)	(1 164)
Commission expenses		(2)	(7)
Personnel expenses	15	(75)	(23)
Other operating charges	16	(6 843)	(378)
Total expenses		**(109 106)**	**(1 572)**
Profit before tax		**482**	**5 233**
Income tax benefit	17	-	-
Profit for the financial year		**482**	**5 233**
Total comprehensive income for the year		**482**	**5 233**

The accompanying notes are an integral part of these financial statements.

SG Issuer
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Statement of Financial Position
As at 31 December 2013
(Expressed in thousands of EUR)

	Notes	2013	2012
Cash and cash equivalents	4	10 143	2 261
Financial assets measured at fair value through profit or loss	5	21 882 332	296 283
Loans and receivables	6	148 494	62 617
Current tax assets		-	-
Other assets	7	8 650	108
Total assets		**22 049 619**	**361 269**
Financial liabilities at amortised cost	8	146 513	49 113
Financial liabilities measured at fair value through profit and loss	9	21 882 309	296 310
Other liabilities	10	8 631	610
Total liabilities		**22 037 453**	**346 033**
Share capital	11	2 000	2 000
Legal reserve	12	200	200
Other reserves	12	9 466	7 802
Retained earnings		18	1
Profit for the financial year		482	5 233
Total equity		**12 166**	**15 236**
Total equity and liabilities		**22 049 619**	**361 269**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2013
(Expressed in thousands of EUR)

	Share capital	Legal reserve	Other reserves	Retained earnings	Profit for the financial year	Total equity
Notes	11	12	12			
As at 31 December 2011	**50 000**	**4 896**	**6 087**	**1**	**5 573**	**66 557**
Allocation of the result of the previous year before dividend distribution	-	104	1 715	3 754	(5 573)	-
Dividend to the sole shareholder	-		-	(3 754)	-	(3 754)
Reduction of share capital and legal reserve following decision of the sole shareholder as at 16 April 2012	(48 000)	(4 800)	-	-	-	(52 800)
Profit for the financial year	-	-	-	-	5 233	5 233
As at 31 December 2012	**2 000**	**200**	**7 802**	**1**	**5 233**	**15 236**
Allocation of the result of the previous year before dividend distribution			1 664	3 567	(5 233)	2
Dividend to the sole shareholder				(3 550)		(3 550)
Profit for the financial year					482	482
As at 31 December 2013	**2 000**	**200**	**9 466**	**18**	**482**	**12 166**

The accompanying notes are an integral part of these financial statements.

SG Issuer
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Statement of Cash Flows
For the year ended 31 December 2013
(Expressed in thousands of EUR)

	Note	2013	2012
Profit for the financial year		**482**	**5 233**
Variation of the accrued accounts receivables		142	1 010
Variation of the accrued accounts payables		97 605	(504)
Other non monetary movement		-	-
Total non monetary adjustments other than financial instruments at fair value through profit or loss		**97 747**	**506**
		-	
Net result on financial instruments at fair value through profit or loss		**(105 623)**	**(1 267)**
		-	
Inter bank operations		(20 958 863)	(312 918)
Operations with other financial assets and liabilities		20 978 108	316 008
Operations with other non-financial assets and liabilities		(224)	(172)
Change in taxation paid		-	66
Net variance of the operating assets and liabilities		**19 021**	**2 984**
		-	
CASH FLOWS FROM OPERATING ACTIVITIES		**11 627**	**7 456**
		-	
Borrowings		-	48 000
Capital decrease		-	(48 000)
Dividend paid		(3 550)	(8 554)
CASH FLOWS USED IN FINANCING ACTIVITIES		**(3 550)**	**(8 554)**
		-	
		-	
Cash and cash equivalent at the beginning of the year		2 055	3 153
Net decrease in cash and cash equivalent		8 077	(1 098)
Cash and cash equivalent at 31 December		**10 132**	**2 055**
Net cash provided / used in operating activities include			
Interest paid		4 581	256
Interest and dividends received		4 110	6 548

The cash and cash equivalents contain EUR 11 thousand representing the balance of the overdraft account which is part of the normal operational activity of the company (31 December 2012: EUR -206 thousand).

The accompanying notes are an integral part of these financial statements.

1. Corporate information

SG Issuer (hereafter "the Company") is a Luxembourg company incorporated on 16 November 2006 as a public limited-liability company (S.A.) for an unlimited period.

Since April 2012, Company's corporate objects are to issue debt securities, bonds, certificates, warrants (option coupons) and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, warrants or option coupons - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company's financial year begins on 1 January and ends on 31 December each year.
The Company's capital is fully owned by Société Générale Bank & Trust S.A. (SGBT), a bank incorporated under Luxembourg law.

At 31 December 2013, the Company's financial information is included in the consolidated accounts of Société Générale (hereafter the "ultimate parent company"), whose head-office is located at 29, boulevard Haussmann, 75009, Paris France, which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking.

2. Basis of preparation

Statement of compliance

The financial statements of the Company as at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB"). The financial statements were authorised for issue by the Supervisory Board on 23 April 2014.

Basis of measurement

Financial assets and financial liabilities linked to the activity of the Company are at fair value through profit or loss. All other financial assets and financial liabilities are stated at amortised cost.

Functional and presentation currency

These financial statements are presented in Euro ("EUR"), which is the Company's functional currency. Financial information has been presented in thousands of EUR (KEUR) on these financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
The information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 3.

Comparative information

The comparative financial information has been adjusted to ensure comparability with the position as at 31 December 2013 in respect of the following captions:

- Financial assets measured at fair value through profit or loss: decreased by KEUR 85 818;
- Financial liabilities measured at fair value through profit and loss: decreased by KEUR 85 818.

This amount represents the assets received by the Company and set as collateral for the secured notes issued - these assets do not satisfy the conditions to be recognised in the balance sheet of the Company- refer to note 3.6. below.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the years presented in these financial statements.

3.1. Foreign currency transactions

The transactions in foreign currencies are translated to EUR at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to EUR at the foreign currency exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realized gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income.

Non-monetary asset and liabilities denominated in foreign currencies that are measured at fair value are translated to EUR at the foreign currency exchange rates ruling at the dates that the values were determined.

3.2. Segment information

The financing activities of the Company are managed as one single business. Thus there is no segmental information in the financial statements.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company‘s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.4. Financial assets and liabilities

The Company classifies its financial assets into the following categories, as appropriate:
- Financial assets at fair value through profit and loss;
- Loans and receivables.

The Company classifies its financial liabilities into the following categories, as appropriate:
- Financial liabilities at fair value through profit and loss;
- Financial liabilities at amortised cost.

Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs. However when a financial asset at fair value through profit or loss is recognised, the transaction costs are expensed immediately.

The Company initially recognises receivables at the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.4.1. Financial assets and liabilities at fair value through profit or loss

These assets and liabilities respectively include:

- Funded swaps used to hedge Notes issued (Financial assets measured at fair value through profit and loss) - see 3.4.1.1;
- Notes issued by the Company ("Financial liabilities measured at fair value through profit and loss").

Funded swaps are derivatives financial instruments with Société Générale used to economically hedge Company's exposure to market risk arising from its activities and replicating each issued Notes.

The company provides the funds received from Noteholders to the swap counterparty. The swap counterparty agrees to exchange the reimbursement amount, including the return, of the issued Notes.

These financial assets and liabilities are booked at fair value at the balance sheet date and recognised in the balance sheet under financial assets and liabilities at fair value through profit or loss.

The impact of the application of IFRS 13 on the Company's financial statements (Credit Value Adjustement (CVA) / Debt Value Adjustment (DVA) recognition) have been recorded in on a net basis in the Balance Sheet, i.e. there is no impact in terms of cash or income / expenses of the Company (except the margin - Bid/Ask - between the sale of the Note and the purchase of the Fully Funded Swap).

Revenues and expenses including changes in fair value are recorded in the profit or loss for the year under "Net gain from financial instruments through profit and loss".

3.4.1.1. Derivative financial instruments (Funded swaps used to hedge Notes issued)

The Company uses derivative financial instruments to economically hedge its exposure to market risk arising from its activities.
These derivative financial instruments are funded swaps with Société Générale replicating each issued Notes. The Company provides the funds received from the issued Notes to the swap counterparty. The swap counterparty agrees to exchange the reimbursement amount, including the return, of the issued Notes.

3. Significant accounting policies (continued)

Such instruments are initially recognised at fair value plus directly attributable transaction costs. Subsequent changes in the fair value of derivative financial instruments and any realised gains and losses are recognised immediately in the statement of comprehensive income.

They are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

3.4.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less appropriate impairments.

Impairments represent the Company's estimate of incurred losses arising from the failure or inability of third parties to make payments when due.

3.4.3. Financial liabilities at amortised cost

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial measurement, financial liabilities are recognised at amortised cost using the effective interest rate method (refer to note 3.7).

The difference between the initial carrying amount of the financial liabilities and their redemption value is recognised in the profit or loss over the contractual terms using the effective interest rate method.

3.5. Fair Value of the financial instruments

IFRS 13 "Fair value measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair market value for the financial instruments measured at fair value through profit or loss is primarily determined based on quoted prices in an active market. These prices may be adjusted if they are not available at the closing date. If the market for a financial instrument is not active, its fair value is determined by valuation techniques (internal models recovery) using valuation parameters based on existing market conditions at the balance sheet date and that are influenced by assumptions used, such as the amount and timing of estimated future cash flows, the discount rate and the volatility of the underlying assets.

IFRS 13 does not change when the fair value is required to be used but specifies how to measure fair value of financial and non-financial assets and liabilities when required or permitted by IFRS and adds information to be disclosed in the notes to financial statements.

3. Significant accounting policies (continued)

The consequences of this standard mainly concern how the Company incorporates its own credit risk in the fair value measurement of derivative financial liabilities (Debt Value Adjustment - DVA) and how it incorporates the counterparty risk in the fair value measurement of derivative financial assets (Credit Value Adjustment – CVA).
IFRS 13 have been applied prospectively as from 1 January 2013. Accordingly, the impact of these amendments on the Company's financial statements has been recorded in the Balance Sheet of the period.

A financial instrument is considered as rated on a deep market if prices are easily and regularly available through a stock exchange, through a broker, a trader, a business sector, a department of evaluation of the prices or with a regulatory agency and if these prices represent real transactions occurring regularly on the market in conditions of normal competition.

The assessment of the inactive aspect of a market leans on indicators such as the significant decrease of the volume of transactions and the level of activity on the market, strong dispersal of the available prices within time and among the various market participants mentioned above or the age of the last transactions observed on the market in conditions of normal competition.

However, mainly because of the many features of financial instruments traded on the OTC financial markets, a large number of financial products processed by the Group are not subject to a direct quotation on the markets.

For these products, the fair value is determined using valuation techniques commonly used by market participants to assess financial instruments such as discounted future cash flows for swaps or the Black & Scholes model for some options and using valuation parameters for which the estimate value is based on market conditions existing at the end of the period. Prior to their use, these valuation models are validated by independent experts of the Market Risk Department among the Group Risk Management who complete this priori validation priori by a posteriori consistency checks. Also, the parameters used in valuation models, whether they come from observable markets or not, are carefully monitored on a monthly basis by experts from the Market Risk Department among the Group Risk Management and supplemented if needed by the necessary reserves (including liquidity and bid-ask).

For purposes of information, the financial instruments at fair value on the balance sheet are presented regarding a hierarchy of fair value that reflects the importance of data used for valuations. The fair value hierarchy consists in the following levels:

- Level 1 (L1): instruments valued by price (unadjusted) quoted in active markets for identical assets or liabilities;
- Level 2 (L2): instruments valued using data other than quoted prices listed on the Level 1 and that are observable for the asset or liability in question, either directly (i.e. prices) or indirectly (i.e. Data derived from price).

Instruments quoted in an insufficiently liquid market and those traded on the OTC market belong to this level. Prices published by an external source and derived from the valuation of similar instruments are considered as data derived from prices.

3. Significant accounting policies (continued)

- Level 3 (L3): instruments for which the data used for the valuation are not based on observable market data (unobservable inputs).

The observed data must meet the following characteristics: non-owners (Company's independent data), available, publicly broadcast, based on consensus and supported by close of transaction prices.
For instance, consensus data provided by external counterparties are considered observable if the underlying market is liquid and prices provided are confirmed by actual transactions. Regarding high maturities, these consensus data are not considered observable especially for implied volatilities used to value stock option instruments with horizons longer than 7 years. In contrast, when the residual maturity of the instrument is less than 7 years, it becomes sensitive to observable parameters.

In case of specific market power leading to the absence of reference data for normal value a financial instrument, the Risk Management may be required to implement a new model based on the available relevant data, such as methods used by other market participants.

These instruments are mainly those for which the sales margin is not immediately recognised in profit or loss (derivatives with higher maturities than the ones usually traded) when their valuation is not based on observable data. Unobservable parameters are carefully assessed, particularly in the ongoing depressed current economic environment and market. By their very nature, unobservable parameters imply a degree of uncertainty in their valuation. However, given the structure of the entity, a variation in the assessment of a financial instrument classified in level 3 would have no impact on the result of the entity, effects between the assets and the liabilities being symmetric.

3.6. Impairments

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not be considered otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition for an investment in an equity security, a significant or prolonged decline in its value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

3. Significant accounting policies (continued)

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjustment for management's judgements as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

3.7. Collateral financial assets from securities lending

Financial assets related to collateral received in securities lending are directly related to Notes Issuance Programme. Securities borrowed are presented in the off balance sheet. The Debt related to the collateral received is presented under off balance financial liabilities.

Income and expenses related to these operations are presented in the profit or loss under "Net result from financial instruments through profit and loss".
These collateral financial assets are used for the issue of Secured Notes.

In relation to each Series of Secured Notes, in order to secure its obligations in respect of such Notes, the Company will enter into a pledge agreement which will be governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each Pledge Agreement, the Company will grant first ranking security over the Collateral Assets contained in one or more accounts held by the Company with The Bank of New York Mellon (Luxembourg) S.A. (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian).

The security granted under each Pledge Agreement will be granted either in favour of (i) in the case of English Law Notes, BNY Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Collateral Conditions) or (ii) in the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by BNY Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

Following the occurrence of a Secured Note Acceleration Event (as defined in the Collateral Conditions), all Noteholders whose Notes have become immediately due and payable will first be entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Collateral Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

3. Significant accounting policies (continued)

3.8. Interest income and expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3.9. Income tax

The Company is subject to Luxembourg tax laws and regulations. These taxes are included in current taxes.
Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the financial statements. It also arises on temporary differences stemming from tax losses carried forward.

3.10. New Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 Financial Instruments, which becomes mandatory for the Company’s 2018 financial statements and could change the classification of financial assets. The Company does not plan to adopt this standard early. The date of the adoption of this standard by the Company will also be dependent on the timing of the EU endorsement process.

IFRS 9 Financial Instruments

IFRS 9 deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset’s contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.
The Company is analysing the likely impact of the improvements on its financial position or performance.

3. Significant accounting policies (continued)

Others

Various other improvements to IFRS have been dealt with on a standard-by-standard basis. The Company is analysing the likely impact of the improvements on its financial position or performance. These improvements have not yet been endorsed by the European Union.

4. Cash and cash equivalents

This caption amounts to KEUR 10 143 as at 31 December 2013 and refers to amounts held with Société Générale Bank and Trust S.A. (“SGBT”) for an amount of KEUR 776 (2012: KEUR 2 261), and Société Générale for an amount of KEUR 9 201, the remaining balance being with other counterparties. Bank overdrafts which amount to KEUR 11 form an integral part of the Company’s cash management and are included in the balance of KEUR 10 143 disclosed in the Statement of cash flows.

5. Financial assets measured at fair value through profit or loss

	2013 EUR' 000	2012 EUR' 000
Funded swaps	**21 882 332**	**296 283***
Total	**21 882 332**	**296 283**

As at 31 December 2013, Funded swaps measured at fair value through profit or loss for KEUR 21 882 333 (2012: KEUR 296 283) replicates each issued securities (note 9). The impact of CVA is KEUR 1 161 000 (refer to note 3.5 above).

The notional principal amount of the outstanding funded swap contracts at 31 December 2013 was corresponding to the notional of issued securities (note 9).

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

5. Financial assets measured at fair value through profit or loss (continued)

The financial assets movements were as follows:

	EUR' 000
As at 31 December 2011	**1 079**
Transfer	(1 079)
Acquisition	308 616*
Change in fair value	(12 333)
As at 31 December 2012	**296 283***
Acquisition	25.955.515
Cancellations and early redemptions	(4.245.186)
Maturity/ disposal	(442.185)
Change in fair value	649.421
Exchange difference	(331.517)
As et 31 December 2013	21.882.331

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

6. Loans and receivables

As at 31 December 2013 and 2012, the amounts owed by affiliated undertakings include receivables from the following entities:

	2013 EUR' 000	2012 EUR' 000
Société Générale Bank and Trust S.A.	148 494	62 606
SG France S.A.	-	11
Total	**148 494**	**62 617**

In 2013, the receivable from SGBT for KEUR 148 494 (2012: KEUR 62 606) represent the placement of the Company's share capital and reserves.

7. Other assets

	2013 EUR' 000	2012 EUR' 000
Receivables on financial instruments	283	10
Transitory accounts	7 742	
Others debtors	624	98
	8 649	**108**

8. Financial liabilities at amortised cost

As at 31 December 2013, financial liabilities at amortised cost are mainly made up of a convertible bond with SGBT with maturity in 2022 and for an amount of KEUR 48 000 which has been issued upon the reimbursement of a loan previously existing. Similar conditions have been maintained in the bond issued, to strictly achieve this change of format. Conversion may occur each year.

Under such bond, the Company pays to SGBT both variable interests calculated on Euribor basis plus a margin of 2,05 % and activity related interest. Activity Related Interest means an amount equal to 100% of the activity related profit generated by the Company.

The bond maturity shall be automatically extended by successive periods of one year, unless either the issuer or the holder has exercised their right to terminate the bond on the scheduled maturity date. The conversion option belongs to the holder.

As at 31 December 2013 and 31 December 2012, the value of the equity component is estimated to be nil.

9. Financial liabilities measured at fair value through profit and loss

	2013 **EUR' 000**	**2012** **EUR' 000**
Issued securities	21 882 309	296 291*
Other financial instruments	-	19
Total	**21 882 309**	**296 310***

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

The Company issued secured and unsecured Notes as at 31 December 2013 for KEUR 21 882 309 (31 December 2012: 296 291). The impact of DVA is KEUR 1 161 000 (refer to Note 3.5). These Notes can be sold either in private placements or in public offerings.

As at 31 December 2013, 109 secured Notes were issued for an amount of KEUR 2 387 770 and a nominal of KEUR 2 375 237. As at 31 December 2013, 4 253 unsecured Notes were issued for an amount of KEUR 19 494 539 and a nominal of KEUR 18 911 634.

9. Financial liabilities measured at fair value through profit and loss (continued)

As at 31 December 2012, 23 secured Notes were issued for an amount of KEUR 132 923 and a nominal of KEUR 142 391. As at 31 December 2012, 23 unsecured Notes were issued for an amount of KEUR 189 417 and a nominal of KEUR 166 225.

Liquidity analysis of the Issued securities is described in note 21.

Secured Notes are collateralized with collateral assets borrowed by the Company to Société Générale for KEUR 2 303 337 (31 December 2012: KEUR 85 818). Refer to note 20.

10. Other liabilities

	2013 EUR' 000	2012 EUR' 000
Operating charges payables	317	372
Other payables	755	206
Other transitory accounts	7 558	33
Total	**8 630**	**611**

11. Share capital

The initial share capital of the Company "Société Générale d'Arbitrage et de Participation S.A." (name upon its set up) amounted to EUR 31 000 represented by 100 shares of a nominal value of EUR 310 each, fully owned by Société Générale Bank & Trust S.A..

As at 31 December 2013 and as at 31 December 2012, the subscribed and fully paid share capital amounted to EUR 2 000 000 and was divided into 50 000 shares with nominal value of EUR 40 each held 100% by Société Générale Bank & Trust S.A..

The Company manages its capital to ensure it will be able to continue as going concern. The capital structure consists of issued capital, reserves and retained earnings.

The capital amount may increase, subject to the approval or the Sole Shareholder, if the Company activity evolves, incurring specific additional risks, in particular market risk.

The Company is not subject to externally imposed capital requirements.

12. Reserves

The Company is required to allocate a minimum of 5% of its annual net profit to a legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. As at December 2013, the legal reserve amounted to KEUR 200 (2012: KEUR 200).

12. Reserves (continued)

Included in the other reserves at 31 December 2013 is an amount of KEUR 9 466 which relates to the creation of a temporarily non distributable reserve equal to five times net worth tax (2012: KEUR 7 802) respectively. If the amount of the reserve is not maintained (for a reason other than a change in capital) for a five year period, the Company's liability to income tax will be increased by one-fifth of the amount of the reduction for the year in which the reduction took place.

13. Interest income and expense

	2013 EUR' 000	2012 EUR' 000
Interest income on loans and receivables with financial institutions	1 439	5 538
Interest income on financial liabilities at fair value	2 526	-
Total interest income	**3 965**	**5 538**
Interest expenses on liabilities at amortised cost	(99 626)	(1 161)
Interest expenses on financial liabilities at fair value	(2 560)	(3)
Total interest expense	**(102 186)**	**(1 164)**
Net interest margin	**(98 221)**	**4 374**

14. Net gain from financial instruments through profit and loss

	2013 EUR' 000	2012 EUR' 000
Net result on financial assets at fair value option	911 924	97
Net loss on financial liabilities held for trading	-	(98)
Net loss on financial liabilities at fair value option	(808 438)	931
Net result on derivative instruments	22	(19)
Net gain on change	2 115	356
Total	**105 623**	**1 267**

15. Personnel Expenses

	2013 EUR' 000	2012 EUR' 000
Wages and salaries	(68)	(9)
Social charges and associated costs	(7)	(33)
Recharge of personnel expenses to related parties	-	19
Total	**(75)**	**(23)**

15. Personnel Expenses (continued)

The Company had 2 employees during the year ended 31 December 2013 (2012: 1 employee). The employees of the Company are member of a state-managed retirement benefit plan. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme. The only obligation of the Company is to make the required contributions.

16. Other operating charges

At 31 December 2013 and 2012 the other operating charges are mainly composed by operating costs related to the Company as well as activities outsourced to SG France and SGBT.

	2013 EUR' 000	2012 EUR' 000
Issues fees*	6 370	44
Operating charges	445	56
Others	28	278
Total	**6 843**	**378**

*(Listing fee, collateral monitoring agent fee, Maintenance of registers fee, trading fee …)

17. Taxation

The Company is liable for all taxes applicable to Luxembourg commercial companies.
Since 2007, the Company is part of a tax integration group led by Société Générale Bank & Trust S.A., as authorised by the article 164 bis LIR. Société Générale Bank & Trust S.A. establishes the accruals for tax liabilities as at 31 December 2013 and as at 31 December 2012 based on the taxable income of all the fiscal group, including its own.

In respect of the net wealth provision, the Company maintains the reserve which allows for the tax not to be paid (refer to note 12).

For the year ended 31 December 2013 the theoretical tax rate is 29,22% (28,80% on 31 December 2012) while the actual tax rate of the Company is the one from the tax integration Group to which it belongs as explained above.

18. Related parties

During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31 December 2013 and 2012 are presented below. Related parties are considered to be a party that has the ability to control the Company or exercise significant influence over the Company in making financial or operational decisions.

18. Related parties (continued)

The issued Notes are sold to Société Générale as market maker, such Notes being expected to be subscribed in fine by third party investors, either for their own account or via distribution network.

All Notes are guaranteed by Société Générale.

Financial assets and liabilities in relation with the securities borrowing operations result from operations made with Société Générale. The underlying securities which serve as collateral for Secured Notes are mainly issued by non-related parties.

As at 31 December 2013		**Société Générale (Ultimate Parent Company)**		**SGBT (Parent Company)**
EUR' 000				
Cash and cash equivalents		9 201		776
Financial assets measured at fair value through profit or loss		21 882 332		-
Loans and receivables		-		148 494
Current tax assets		-		-
Other assets		8 003		646
Total assets		**21 899 536**		**149 916**
Financial liabilities at amortised cost		-		146 513
Financial liabilities measured at fair value through profit and loss		21 882 309		-
Other liabilities		8 484		147
Total liabilities		**21 890 793**		**146 660**
Interest income		2 785		1 179
Net gain from financial instruments through profit and loss		105 623		-
Total revenue		**108 408**		**1 179**
Interest expenses	-	2 572	-	99 614
Commission expenses	-	2		-
Personnel expenses		-		75
Other operating charges	-	52	-	6 789
Total expenses	**-**	**2 626**	**-**	**106 478**
Financial commitment - bonds to be issued		**2 373 234**		**-**
Financial commitment - collateral to be returned		**2 303 337**		**-**

18. Related parties (continued)

As at 31 December 2012	**Société Générale (Ultimate Parent Company)**	**SGBT (Parent Company)**
EUR' 000		
Cash and cash equivalents	1 511	750
Financial assets measured at fair value through profit or loss	296 283*	-
Loans and receivables	11	62 606
Current tax assets	-	-
Other assets	20	-
Total assets	**297 825**	**63 356**
Financial liabilities at amortised cost	71	49 042
Financial liabilities measured at fair value through profit and loss	296 309*	-
Other liabilities	150	-
Total liabilities	**296 530**	**49 042**
Interest income	-	5 538
Commission income	-	-
Net gain from financial instruments through profit and loss	1 267	-
Total revenue	**1 267**	**5 538**
Interest expenses	-	- 1 164
Commission expenses	-	- 7
Personnel expenses	-	- 23
Other operating charges	- 378	-
Total expenses	**- 378**	**- 1 194**
Financial commitment - bonds to be issued	**270 385**	**-**
Financial commitment - collateral to be returned	**85 818**	**-**
Financial commitment - other	**889**	**4 344**

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

19. Remuneration, advances and loans granted to members of the administrative or supervisory body

As at 31 December 2013 and 2012, no payment, no advance and no loans were given to members of the administrative or supervisory body.

20. Off-Balance Sheet

Société Générale is the guarantor of the Company in respect of debt securities issued for both the short and long term.

As at 31 December 2013, deliverable securities to be issued (engagement taken in 2013 with value date 2014) amounted to KEUR 2 373 234 (2012: KEUR 270 385).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured securities issued by the Company benefit from additional collateral assets securing the payment due under the Note terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale S.A. in his role of guarantor. Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Group Société Générale and are pledged in favour of the note holders. Securities are deposited as guaranty for secured issuances in Bank of New York for an amount of KEUR 2 303 337 (2012: KEUR 85 818).

	2013 EUR' 000	2012 EUR' 000
Treasury bills and similar securities	239 717	17 497
Debt instruments	1 411 149	57 477
Equity Instruments	652 471	10 844
Financial assets borrowed	**2 303 337**	**85 818***

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

21. Risk Management

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale internal control systems.

Information on the risks relating to the Group, investors and or Noteholders are disclosed in the "Risk Management" section in March 2014 Registration Document of Société Générale and any subsequent update (http://prospectus.socgen.com/documents/).

21. Risk Management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes (debt instruments and debenture loans) and systematically hedges its position by dealing a swap in front of Société Générale, with strictly identical characteristics. The legal documentation and the derivatives instruments have been put in place in order to make sure that the assets match the liabilities at any time.

The risks associated with the investment in the Notes depend on several factors. Such factors will vary depending on the characteristics of the Notes issued, in particular depending on the underlying of the Notes, the maturity of the Notes, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes issued by the Company are described in the Base Prospectus under the section "Risk Factor ".

Because of its structure, the impact of an immediate change of a market parameter as of 31 December 2013 would have no consequence on the net profit of the company.

Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with the parent companies, SGBT and Société Générale. Therefore the credit risk of the company is limited to credit risks in front of its parent companies. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred. As at 31 December 2013 and 2012, no financial assets were past due or impaired.

In addition, all the bonds issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the Notes will be unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As of 31 December 2013, the rating of Société Générale is (A) from Standard & Poor's and (A2) from Moody's.

Interest rate risk

Investment in Fixed Rate Notes or any Note with a fixed rate component involves the risk that subsequent changes in market interest rates may adversely affect the value of such Notes. Due to the existence of the funded swaps, this risk has no impact on the Company's income.

21. Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.
The Company does not face any liquidity risk thanks to the perfect replication between the contractual obligations of i) the debt issued by the Company and ii) financial assets held for hedging by the Company.

As at 31 December 2013, analysis per remaining maturities is as follows:

31/12/2013	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	10 143					10 143
Financial assets measured at fair value through profit or loss	6 159	1 718 864	4 144 892	16 012 417	-	21 882 332
Loans and receivables	87 000	2 761	2 312	56 421	-	148 494
Other assets	8 650					8 650
Total assets	**111 952**	**1 721 625**	**4 147 204**	**16 068 838**	**-**	**22 049 619**
Financial liabilities at amortised cost	98 513	-	-	48 000	-	146 513
Financial liabilities measured at fair value through profit and loss	6 159	1 718 864	4 144 892	16 012 394	-	21 882 309
Other liabilities	8 631					8 631
Total liabilities	**113 303**	**1 718 864**	**4 144 892**	**16 060 394**	**-**	**22 037 453**

As at 31 December 2012, analysis per remaining maturities is as follows:

31/12/2012	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	2 261	-	-	-	-	2 261
Financial assets measured at fair value through profit or loss*	965	3 931	115 591	175 796		296 283
Loans and receivables	-	812	9 029	52 776	-	62 617
Other assets	108	-	-	-	-	108
Total assets	**3 334**	**4 743**	**124 620**	**228 572**		**361 269**
Financial liabilities at amortised cost	1 113	-	-	48 000	-	49 113
Financial liabilities measured at fair value through profit and loss*	965	3 931	115 596	175 818		296 310
Other liabilities	610	-	-	-	-	610
Total liabilities	**2 489**	**3 931**	**115 596**	**223 818**		**346 033**

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

21. Risk Management (continued)

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

As at 31 December 2013	**Carrying amount**	**Fair value**
Cash and cash equivalents	10 143	10 143
Financial assets measured at fair value through profit or loss **	21 882 332	21 882 332
Loans and receivables	148 494	151 941
Total assets	8 650	8 649
	22 049 619	**22 053 065**
Financial liabilities at amortised cost	146 513	149 239
Financial liabilities measured at fair value through profit and loss **	21 882 309	21 882 309
Other liabilities	8 631	8 631
Total liabilities	**22 037 453**	**22 040 179**

** The impact of the application of IFRS 13 for the first time in 2013 (refer to note 3.4 of these annual account) amount to EUR 1 161 000.

As at 31 December 2012	**Carrying amount**	**Fair value**
Cash and cash equivalents	2 261	2 261
Financial assets measured at fair value through profit or loss	296 283*	296 283*
Loans and receivables	62 617	72 605
Other assets	108	108
Total assets	**361 269**	**371 257**
Financial liabilities at amortised cost	49 113	56 890
Financial liabilities measured at fair value through profit and loss	296 310*	296 310*
Other liabilities	610	610
Total liabilities	**346 033**	**353 810**

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

21. Risk Management (continued)

Determining fair value is dependent on many factors and can only be an estimate of what value may be obtained in the open market at any point in time.

Securities held as collateral are stated at fair value which is based on market rates. The Notes issued and derivative financial instruments are measured at fair value through profit or loss. The fair value of the derivative financial instruments is partly based on unobservable inputs and is therefore classified as Level 3 in the fair value reliability hierarchy of IFRS 7.

As at 31 December 2013, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

As at 31 December 2013

EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss	-	13 418 251	8 464 081	21 882 332
Financial liabilities measured at fair value through profit or loss	-	13 418 228	8 464 081	21 882 309
Total	-	23	-	23

As at 31 December 2012

EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value through profit or loss*	25	196 540	99 718	296 283
Financial liabilities measured at fair value through profit or loss*	2	196 590	99 718	296 310
Total	**23**	**(50)**	**-**	**(27)**

* The comparative 2012 amount has been restated (i.e. decreased by KEUR 85 818) in order to ensure comparability; refer to note 2.

Determining fair value depends on many factors and can only be an estimate of what value may be obtained in the open market at any point in time.

21. Risk Management (continued)

The following table describes the movements related to the accounting value of the financial instruments disclosed in level 3:

EUR' 000	Level 3 2013	Level 3 2012
Balance as at 1 January	**99 718**	**-**
Acquisition	8 985 690	107 691
Reimbursements	(934 591)	-
Capital increase/ (decrease)	142 732	495
Securities revaluation	170 531	(8 468)
Balance as at 31 December	**8 464 080**	**99 718**

22. Subsequent events

By resolutions adopted on 13 January 2014, the Executive Board decided to increase the capital of the Company from EUR 2 000 000 to EUR 2 000 040 by the issue of a new share with a nominal value of EUR 40 underwritten by the only shareholder. The share capital represents, after this increase, 50 001 shares with an unchanged nominal value. Such increase also resulted in an allocation by the Company to its capital surplus account of EUR 98 513 391.

There was no other subsequent event which could have had significant impact on the financial statements of the Company as at 31 December 2013.