



CODEIS SECURITIES SA as Issuer

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 15, boulevard Prince-Henri, L-1724 Luxembourg and registered with the Luxembourg trade and companies register under number B.136.823, subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the Securitisation Act 2004))

acting in respect of Compartment A0049

Issue of up to EUR30,000,000 Series 22/17.10/A0049 Notes due 2027 linked to the Solactive Stable Income Europe Index

**under the €100,000,000,000
Limited Recourse Notes Programme**

This prospectus (the "**Prospectus**") relates to up to EUR30,000,000 notes due 2027 (the "**Notes**") linked to the Solactive Stable Income Europe Index (the "**Index**") to be issued by Codeis Securities SA (the "**Company**") acting in respect of Compartment A0049 (the "**Compartment**") (the "**Issuer**") (being the twenty second series of notes issued by the Company in respect of Compartment A0049) pursuant to its €100,000,000,000 Limited Recourse Notes Programme (the "**Programme**"). The Issuer is subject to the Grand Duchy of Luxembourg (Luxembourg) act dated 22 March 2004 on securitisation, as amended (the **Securitisation Act 2004**). Application has been made to the Commission de Surveillance du Secteur Financier (the "**CSSF**") to approve this document as a prospectus in its capacity as competent authority under the Luxembourg act dated 10 July 2005 on prospectuses for securities (as amended) (the "**Prospectus Act 2005**") which implemented Directive 2003/71/EC of the European Parliament and of the Council of the European Union (the "**Prospectus Directive**") in Luxembourg. In accordance with Article 7(7) of the Prospectus Act 2005, by approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer.

The terms and conditions applicable to the Notes (the "**Terms and Conditions of the Notes**" or the "**Conditions**") are incorporated by reference herein (from the base prospectus relating to the Programme dated 20 June 2012 as supplemented pursuant to the first supplement dated 29 June 2012 and the second supplement dated 16 August 2012 (the "**Base Prospectus**")), save that the aggregate nominal amount of the Notes, the issue price of the Notes and certain other terms and conditions applicable to the Notes are specified in the issue specific terms set out under the heading "Issue Specific Terms" in this Prospectus (the "**Issue Specific Terms**"). Words and expressions defined in the Terms and Conditions of the Notes shall have the same meanings when used herein provided that references in the Terms and Conditions of the Notes to the "Final Terms" shall be deemed to be references to the Issue Specific Terms.

This Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) in accordance with article 16 of the Prospectus Act 2005. Copies of this Prospectus can also be obtained at the registered office of the Issuer and the specified office of each of the Paying Agents (as defined below), in each case at the address given at the end of this Prospectus.

In respect of the Compartment and the Notes, and following a Note Acceleration (as defined below) in respect of the Note, the entitlement of the holder of the Note as against the Issuer will be limited to such Noteholder's *pro rata* share of the proceeds of the relevant Charged Assets applied in accordance with the Order of Priority specified in the Issue Specific Terms. If, in respect of any Note, the net proceeds of the enforcement or liquidation of the relevant Charged Assets applied as aforesaid are not sufficient to make all payments due in respect of the Note (such difference between the amounts due in respect of the Relevant Note and the net proceeds of the enforcement or liquidation of the relevant Charged Assets received by the Holder of such Relevant Note being the **Residual Shortfall Amount**), then (i) no other assets of the Issuer will be available to meet such Residual Shortfall Amount, (ii) the claims of the holder of the Note as against the Issuer in respect of any such Residual Shortfall Amount shall be extinguished and (iii) neither the holder of a Note nor any person on its behalf shall have the right to petition for the winding-up of the Issuer as a consequence of any such Residual Shortfall Amount or otherwise. Noteholders, by acquiring the Notes, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and, in particular, the provisions with respect to compartments, limited recourse, non-petition, subordination and priority of payments.

The Notes will not be rated.

The Notes described herein may not be legally or beneficially owned at any time by any U.S. Person (as defined in Regulation S under the Securities Act) and accordingly are being offered and sold outside the United States to persons that are not U.S. Persons in reliance on Regulation S.

By its purchase of a Note, each purchaser will be deemed or required, as the case may be, to have agreed that it may not resell or otherwise transfer any Note held by it except outside the United States in an offshore transaction to a person that is not a U.S. Person.

Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Prospective investors should have regard to the factors described under the section headed "**Risk Factors**" in this Prospectus.

ARRANGER
Societe Generale Corporate & Investment Banking

The date of this Prospectus is 19 July 2017

This Prospectus constitutes a "prospectus" for the purposes of Article 5.3 of the Prospectus Directive as amended (including the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a Member State of the European Economic Area) and Part II of the Prospectus Act 2005 in respect of the Notes.

The Notes have not been nor will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under any state securities laws, and are subject to U.S. tax law requirements. Accordingly, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act in a transaction that will not cause the Issuer or any Compartment, as the case may be, to become required to register under the Investment Company Act of 1940, as amended. By its purchase of a Note, each purchaser will be deemed or required, as the case may be, to have agreed that it may not resell or otherwise transfer any Note held by it except (i) to the Issuer or any affiliate thereof, (ii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, or (iii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws.

THE NOTES DESCRIBED HEREIN ARE DESIGNATED AS PERMANENTLY RESTRICTED NOTES. AS A RESULT THEY ARE AVAILABLE ONLY TO INVESTORS WHO ARE (1) LOCATED OUTSIDE THE UNITED STATES, AND WHO ARE (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT AND RULE 4.7 UNDER THE COMMODITY EXCHANGE ACT (AS SUCH TERMS MAY BE AMENDED FROM TIME TO TIME)).

By its purchase of a Note, each purchaser will be deemed or required, as the case may be, to have agreed that it may not resell or otherwise transfer any Note held by it except outside the United States in an offshore transaction to a person that is not a U.S. Person.

The Issuer, Trustee and Custodian or their affiliates shall not be obligated to recognize any resale or other transfer of the Notes made other than in compliance with these restrictions. Any transfer of the Notes to any person within the United States or any U.S. Person shall be void ab initio. The Issuer, Trustee and Custodian may require any person within the United States or any U.S. Person to transfer the Notes immediately to a non-U.S. Person in an offshore transaction pursuant to Regulation S. The Trustee may also redeem for cancellation any such Notes from any such person on a compulsory basis.

THE NOTES MAY NOT BE SUITABLE INVESTMENTS FOR ALL INVESTORS. NO INVESTOR SHOULD PURCHASE A NOTE UNLESS SUCH INVESTOR UNDERSTANDS, AND IS ABLE TO BEAR, THE YIELD, MARKET, LIQUIDITY, STRUCTURE, REDEMPTION AND OTHER RISKS ASSOCIATED WITH THE NOTE. FOR FURTHER DETAILS, SEE "*RISK FACTORS*" HEREIN.

This Prospectus includes information relating to Banque Nagelmackers S.A. which has been extracted from the website of Banque Nagelmackers S.A. at the date of this Prospectus. The Issuer has not independently verified such information. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information provided by Banque Nagelmackers S.A. on its website, no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained (or incorporated by reference) in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information and the Issuer accepts responsibility accordingly.

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of the Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes which are subject of the offering contemplated in this Prospectus as set out in the Issue Specific Terms, may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State, or

where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive. Except to the extent that sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Issuer has consented to the use of this Prospectus by Banque Nagelmackers S.A. of Avenue de l'Astronomie 23, 1210 Brussels, Belgium (the "**Authorised Offeror**") in respect of the public offer of the Notes in Belgium during the period from 19 July 2017 to 26 September 2017 (each inclusive) (the "**Offer Period**"). The Authorised Offeror is the only party authorised to use this Prospectus in connection with the offer of the Notes. The Issuer will not give its consent to use this Prospectus to any additional Authorised Offeror. Accordingly, any offer made by any other party is unauthorised and not made by or on behalf of the Issuer or the Dealer and neither the Issuer nor the Dealer accept any responsibility or liability for the actions of any person making any such unauthorised offer and the related consequences. **In the event of an offer being made by the Authorised Offeror, the Authorised Offeror will provide information to investors on the terms and conditions of the offer at the time the offer is made.**

The Issuer accepts responsibility for the content of this Prospectus in relation to any investor who acquires any Notes in an offer made by the Authorised Offeror where the offer is made during the Offer Period and is in compliance with all other conditions attached to the giving of the consent.

None of the Issuer or the Dealer has any responsibility for any of the actions of the Authorised Offeror, including the non-compliance by the Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM THE AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY THE AUTHORISED OFFEROR WILL BE MADE IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN THE AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE AUTHORISED OFFEROR WILL PROVIDE SUCH INFORMATION TO THE INVESTOR AT THE TIME OF SUCH OFFER AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER OR THE DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Copies of this Prospectus will be available free of charge from the specified office of the Issuing and Paying Agent and will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are incorporated by reference in and form part of this Prospectus.

Except for the information relating to Societe Generale in this Prospectus, for which Societe Generale accepts responsibility, Societe Generale (as Arranger) has not independently verified the information contained herein. No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer. None of the Trustee nor the Arranger accepts any liability (whether arising in tort or contract or otherwise) in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised by any of the Issuer, the Arranger or the Dealer to give any information or to make any representation other than those contained in or consistent with this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Arranger or any Dealer.

Neither this Prospectus nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or a statement of opinion (or a report on either of those things) by any of the Issuer, the Trustee, the Arranger or the Dealer that any recipient of this Prospectus or any other information supplied in connection with the

Programme or the Notes should purchase any Notes. Purchasers of Notes and each investor contemplating purchasing any Notes should conduct such independent investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness or value (as appropriate), of the Issuer and, if applicable, the Notes and the security arrangements relating to the Charged Assets as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Purchasers of Notes and each investor contemplating purchasing any Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Prospectus (including the Issue Specific Terms) and the merits and risks of investing in the Notes in the context of their financial position and circumstances. Neither this Prospectus nor any other information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of any of the Issuer, the Trustee, the Arranger or any Dealer to any person to subscribe for or to purchase any Notes.

Investors should have sufficient knowledge and experience of financial and business matters to evaluate the merits and risks of investing in a particular issue of Notes as well as access to, and knowledge of, appropriate analytical tools to assess such merits and risks in the context of their financial situation. The Notes are not an appropriate investment for investors who are unsophisticated with respect to the Index. Investors should also have sufficient financial resources to bear the risks of an investment in Notes, which may include a total loss of their investments. For a more detailed description of the risks associated with any investment in the Notes investors should read the section of this Prospectus headed "*Risk Factors*".

Any Purchaser of the Notes will be deemed to have represented and agreed that they (i) have the knowledge and sophistication independently to appraise and understand the financial and legal terms and conditions of the Notes and to assume the economic consequences and risks thereof; (ii) to the extent necessary, have consulted with their own independent financial, legal or other advisers and have made their own investment, hedging and trading decisions in connection with the Notes based upon their own judgement and the advice of such advisers and not upon any view expressed by the Issuer, the Arranger or the Dealer; (iii) have not relied upon any representations (whether written or oral) of any other party, and are not in any fiduciary relationship with the Issuer, the Arranger or the Dealer; (iv) have not obtained from the Issuer, the Arranger or the Dealer (directly or indirectly through any other person) any advice, counsel or assurances as to the expected or projected success, profitability, performance, results or benefits of the Notes, and have agreed that the Issuer, the Arranger and the Dealer do not have any liability in that respect; (v) have not relied upon any representations (whether written or oral) by, nor received any advice from, the Issuer, the Arranger or the Dealer as to the possible qualification under the laws or regulations of any jurisdiction of the Notes described in the Issue Specific Terms and understand that nothing contained herein should be construed as such a representation or advice for the purposes of the laws or regulations of any jurisdiction.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication (i) that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or (ii) that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or (iii) that the information contained herein concerning any of the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

None of the Dealer or the Arranger undertakes to review the financial condition or affairs of any of the Issuer during the life of the arrangements contemplated by this Programme or to advise any investor or potential investor in the Notes of any information coming to its attention.

To the fullest extent permitted by law, none of the Dealer or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of any Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Trustee and the Dealer(s) represents that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the Issue Specific Terms, no action has been taken by the Issuer, the Trustee or the Dealer(s) which is intended to permit a public offering of any Notes outside the European Economic Area ("**EEA**"), or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Note comes are required by the Issuer, the Dealers and the Arranger to inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are certain restrictions on the distribution of this Prospectus and the offer or sale of Notes in Belgium, the EEA, France, Italy, Japan, Luxembourg, Spain, the United Kingdom and the United States (see the section headed "*Subscription, Sale and Transfer Restrictions*" of the Supplemented Base Prospectus and the provisions set out in the Issue Specific Terms).

Any hyperlinks contained in this Prospectus are provided for information purposes only and have not been reviewed or otherwise verified by the Issuer or the Arranger. The Issuer and the Arranger do not accept responsibility for the contents of such hyperlinks and such hyperlinks shall not be deemed to form part of this Prospectus (with the exception of links to the electronic addresses where information incorporated by reference is available).

INDEX DISCLAIMER

The Solactive Stable Income Europe Index

The index referred to herein (the "**Index**") is not sponsored, approved or sold by Société Générale or Codeis Securities SA. Société Générale and Codeis Securities SA shall not assume any responsibility in this respect.

Solactive is a registered trademark of Solactive AG (the "**Licensor**".) The Solactive Stable Income Europe Index has been licensed to Société Générale for specific purposes. Nor does the Licensor offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price, at any time or in any other respect. The Index is calculated and published by the Licensor. The Licensor uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, the Licensor has no obligation to point out errors in the Index to third parties including, but not limited to, investors and/or financial intermediaries of the Notes. The Licensor does not guarantee the accuracy and/or the completeness of the Solactive Stable Income Europe Index or any related data, and shall not have any liability for any errors, omissions or interruptions therein. Neither publication of the Index by the Licensor, nor the licensing of the Index or Index trade mark, for the purpose of use in connection with the Notes, constitutes a recommendation by the Licensor to invest capital in said Notes nor does it, in any way, represent an assurance or opinion of the Licensor with regard to any investment in the Notes. In no event shall the Licensor have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof.

INTERPRETATION

All references in this document to (including but without limitation) euro, Euro, EUR and € refer to the lawful currency of the European Economic and Monetary Union.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made.

PRESENTATION OF FINANCIAL INFORMATION

Most of the financial data presented, or incorporated by reference, in this Prospectus are presented in euros. The financial statements of Codeis Securities SA for the years ended 31 December 2015 and 31 December 2016 were prepared in accordance with Luxembourg generally accepted accounting principles.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A- E (A.1 - E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary with the mention of "Not Applicable".

Section A - Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	Standard warning	<p>Warning that:</p> <ul style="list-style-type: none"> • This summary should be read as an introduction to the prospectus relating to the Notes (the "Prospectus"); • any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole by the investor; • where a claim relating to information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States have to bear the costs of translating this Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Consent for use of the Prospectus	<p>The Issuer consents to the use of this Prospectus in connection with a resale or placement of the Notes (the "Public Offer") subject to the following conditions:</p> <p>(i) the consent is only valid during the offer period from 19 July 2017 to 26 September 2017 (each inclusive) (the "Offer Period");</p> <p>(ii) the only person authorised to use this Prospectus to make the Public Offer (the "Offeror") is Banque Nagelmackers S.A. of Avenue de l'Astronomie 23, 1210 Brussels, Belgium (the "Authorised Offeror"); and</p> <p>(iii) the consent only extends to the use of this Prospectus for the purposes of the Public Offer of the Notes in Belgium.</p> <p>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN THE PUBLIC OFFER FROM THE OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY THE OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN THE OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE OFFEROR WILL PROVIDE SUCH INFORMATION TO THE INVESTOR AT THE TIME OF SUCH OFFER AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER OR THE DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.</p>

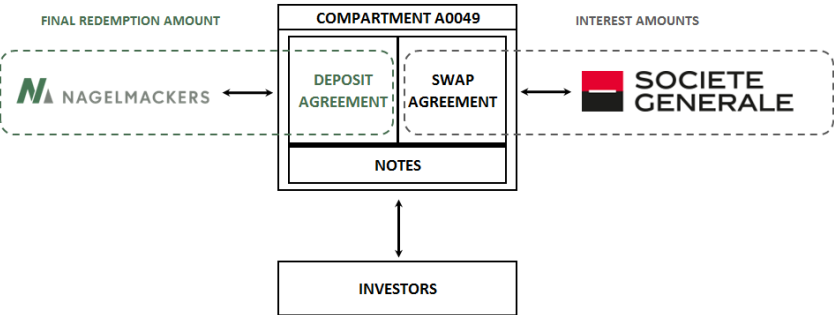
Section B – Issuer

Element	Description of Element	Disclosure requirement
B.1	Legal and commercial name of the Issuer	The issuer (the " Issuer ") is Codeis Securities SA, acting through its multi-series compartment A0049 (the " Compartment ").
B.2	Domicile/ legal form/ applicable legislation/ country of incorporation of the Issuer	<p>The Issuer is a public limited liability company (<i>société anonyme</i>) whose activities are subject to the Grand Duchy of Luxembourg ("Luxembourg") act dated 22 March 2004 on securitisation, as amended (the "Securitisation Act 2004").</p> <p>The Issuer was incorporated and is domiciled in the Grand Duchy of Luxembourg.</p>
B.16	Control of the Issuer	<p>The Issuer has 90,909,091 issued shares, all of which are fully paid. Societe Generale holds all the shares except one. Societe Generale has majority voting rights and accordingly direct control over the Issuer.</p> <p>SG Kleinwort Hambros Trust Company (CI) Limited (formerly known as SG Hambros Trust Company (Channel Islands) Limited) is holding one share on trust for charitable purposes. It has no beneficial interest in and derives no benefit (other than any expenses for acting as share trustee) from its holding of such share.</p>
B.20	Special purpose vehicle or entity for the purpose of issuing asset backed securities	The Issuer was established as a regulated securitisation undertaking under the Securitisation Act 2004, in order to offer securities in accordance with the provisions of such act. The Issuer has been accordingly established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.
B.21	The Issuer's principal activities and global overview of the parties to the transaction	<p>The Issuer's principal activity (as expressed as the purpose and object of the Issuer pursuant to its articles of incorporation) is to enter into, perform and serve as a vehicle for, any transactions permitted under the Securitisation Act 2004.</p> <p>Societe Generale Bank & Trust Luxembourg S.A. whose business address is 11, avenue Emile Reuter, L-2420 Luxembourg, LUXEMBOURG, will act as issuing and paying agent (the "Issuing and Paying Agent"), registrar (the "Registrar"), transfer agent (the "Transfer Agent"), exchange agent (the "Exchange Agent"), custodian (the "Custodian") and corporate services agent (the "Corporate Services Agent").</p> <p>SG Kleinwort Hambros Trust Company (CI) Limited (formerly known as SG Hambros Trust Company (Channel Islands) Limited) of SG Hambros House, 18 Esplanade, Saint Helier, JERSEY CHANNEL ISLANDS JE4 8RT, will act as trustee (the "Trustee").</p> <p>Societe Generale S.A. will act as arranger (the "Arranger"), compartment assets manager (the "Compartment Assets Manager"), disposal agent (the "Disposal Agent"), market-maker (the "Market Maker"), voting agent (the "Voting Agent"), calculation agent (the "Calculation Agent"), dealer (the "Dealer") and swap counterparty (the "Swap Counterparty").</p> <p>Societe Generale Bank & Trust Luxembourg S.A. and SG Kleinwort</p>

Element	Description of Element	Disclosure requirement																		
		<p>Hambros Trust Company (CI) Limited are all indirectly wholly owned subsidiaries of Societe Generale and part of the Societe Generale company group.</p> <p>Banque Nagelmackers S.A. will act as deposit counterparty (the "Deposit Counterparty") and authorised offeror (the "Authorised Offeror") in respect of the Notes (as defined hereafter).</p>																		
B.22	Specify if the issuer has not commenced operations since the date of its incorporation	Not Applicable. The Issuer has already commenced activities since its incorporation in 2008 and has published audited financial accounts for the years ended 31 December 2008, 31 December 2009, 31 December 2010, 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014, 31 December 2015 and 31 December 2016																		
B.23	Selected historical key financial information regarding the Issuer	<p>The following table sets out the key financial information of the Issuer in respect of balance sheet and income as at the date of the annual audited financial statements as of 31 December 2015 and 31 December 2016.</p> <table border="1" data-bbox="523 869 1385 1191"> <thead> <tr> <th data-bbox="523 869 799 913"></th> <th data-bbox="805 869 1082 913">31/12/2016</th> <th data-bbox="1088 869 1385 913">31/12/2015</th> </tr> </thead> <tbody> <tr> <td data-bbox="523 922 799 967">Share Capital</td> <td data-bbox="805 922 1082 967">€909,091</td> <td data-bbox="1088 922 1385 967">€909,091</td> </tr> <tr> <td data-bbox="523 976 799 1021">Legal Reserve</td> <td data-bbox="805 976 1082 1021">€90,909</td> <td data-bbox="1088 976 1385 1021">€90,909</td> </tr> <tr> <td data-bbox="523 1030 799 1093">Result for the financial year</td> <td data-bbox="805 1030 1082 1093">€95,938</td> <td data-bbox="1088 1030 1385 1093">€148,814</td> </tr> <tr> <td data-bbox="523 1102 799 1146">Total Assets</td> <td data-bbox="805 1102 1082 1146">€8,125,886,334</td> <td data-bbox="1088 1102 1385 1146">€4,525,191,370</td> </tr> <tr> <td data-bbox="523 1155 799 1191">Total Liabilities</td> <td data-bbox="805 1155 1082 1191">€8,125,886,334</td> <td data-bbox="1088 1155 1385 1191">€4,525,191,370</td> </tr> </tbody> </table>		31/12/2016	31/12/2015	Share Capital	€909,091	€909,091	Legal Reserve	€90,909	€90,909	Result for the financial year	€95,938	€148,814	Total Assets	€8,125,886,334	€4,525,191,370	Total Liabilities	€8,125,886,334	€4,525,191,370
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Element	Description of Element	Disclosure requirement
B.24	Material adverse change affecting the Issuer since the date of its last published audited financial statements	Not applicable. There has been no material adverse change in the prospects of the Issuer since its last published audited financial statements dated 31 December 2016.
B.25	Description of the underlying assets	<p>The Issuer, acting through its Compartment, will use the proceeds of the Notes to:</p> <ul style="list-style-type: none"> - make a term deposit (the "Term Deposit") pursuant to a term deposit agreement (the "Deposit Agreement") (being constituted by a master deposit agreement entered into between the Deposit Counterparty and the Issuer dated 23 August 2013 (the "Deposit Master Agreement") and a supplement relating to this Series of Notes dated as of the Issue Date (the "Deposit Supplement"), in each case governed by Belgian law) with Banque Nagelmackers S.A. (the "Deposit Counterparty"); and - enter into a swap transaction between the Issuer and Societe Generale S.A. (the "Swap Counterparty") governed by an ISDA master agreement dated 10 April 2008 as amended (the "Master Agreement") and evidenced by a master swap confirmation dated 23 August 2013 ("Master Confirmation") supplemented for the purpose of this series of Notes by a swap transaction supplement (the "Swap Supplemental Agreement" and, together with the Master Agreement and the Master Confirmation, the "Swap Agreement"). <p>The Deposit Agreement and the Swap Agreement will comprise the pool of assets on which the Notes are secured and, taken together, have characteristics that demonstrate capacity to produce funds to service the payments due and payable in respect of the Notes (the "Charged Assets"). See Element B.29 for further detail in relation to the expected cash flows under the Deposit Agreement and the Swap Agreement.</p> <p>Banque Nagelmackers S.A. provides its customers with a broad range of products and services, including private banking and asset management.</p> <p>Banque Nagelmackers S.A. is approved as a bank and maintains its head office Avenue de l'Astronomie 23, 1210 Brussels, Belgium.</p> <p>Societe Generale is a public limited company (<i>societe anonyme</i>) established under French law incorporated by deed approved by Decree on May 4, 1864, and is approved as a bank. Societe Generale together with its consolidated subsidiaries is a European leading provider of banking and financial services.</p> <p>The Deposit Agreement is a contract governed by Belgian law.</p> <p>The Swap Agreement is an over-the-counter derivative contract and will be documented under an ISDA Master Agreement between the Issuer and the Swap Counterparty and a confirmation incorporating by reference certain definitions published by the International Swaps and Derivatives Association, Inc.</p>

Element	Description of Element	Disclosure requirement
B.26	Actively managed pools of assets	Not Applicable. The underlying assets comprise the Deposit Agreement and the Swap Agreement and are not intended to be traded or otherwise actively managed by the Issuer.
B.27	Issues of further securities backed by the underlying assets	Not Applicable. The Issuer will not issue further securities backed by the Swap Agreement or the Deposit Agreement.
B.28	A description of the structure of the transaction	<p>The Notes will be constituted by a trust deed (the "Trust Deed") dated 23 August 2013 between, <i>inter alios</i>, the Issuer, the Issuing and Paying Agent, the Custodian, the Trustee and the Swap Counterparty, which will supplement the Trust Deed Terms, dated 20 June 2012 (as last amended and restated on 13 September 2016). The Notes will be the twenty second Series of Notes to be issued under this Compartment. Other series of Notes, deemed to be Related Notes in respect of this series of Notes, may be issued under the same Compartment.</p> <p>The Issuer will hedge its obligations with respect to payment of the Final Redemption Amount (as defined in Element C.8) and the Interest Amounts (if any) (as defined in Element C.8) by entering into the Deposit Agreement with Banque Nagelmackers S.A. and by entering into the Swap Agreement with Societe Generale.</p> <p>The proceeds of the issue of the Notes will be paid (a) to Banque Nagelmackers S.A. pursuant to the Deposit Agreement and (b) to Societe Generale pursuant to the Swap Agreement.</p>
B.29	A description of the flow of funds	<p>Under the Deposit Agreement, on or shortly after the issue date of the Notes, being 3 October 2017 (the "Issue Date"), the Issuer will procure the payment from a portion of the issuance proceeds of the Notes of an amount in EUR to the Deposit Counterparty (the "Deposit") which, based on the market conditions and interest rates prevailing on the third Business Day prior to the Issue Date (the "Trade Date"), would enable the Deposit Counterparty to pay an amount equal to 100 per cent. of the then aggregate nominal amount of the Notes (the "Deposit Redemption Amount") (corresponding, provided no Modified Redemption Event has occurred, to the Final Redemption Amount payable under the Notes, as defined in Element C.8) to the Issuer on or shortly before 11 October 2027 (being the scheduled maturity date of the Notes (the "Scheduled Maturity Date")), and the Deposit Counterparty shall pay such amount to the Issuer at such time, provided no Early Redemption Event, Event of Default, Bail-In Event or Modified Redemption Event (as determined by the Calculation Agent) has occurred in accordance with the terms and conditions of the Notes.</p> <p>The remaining issuance proceeds of the Notes will be used by the Issuer to enter into and make a payment under the Swap Agreement to the Swap Counterparty on or shortly after the Issue Date.</p> <p>On or before each interest payment date (if any) in respect of the Notes (each, an "Interest Payment Date"), the Swap Counterparty will pay an amount to the Issuer which will be equal to the Interest Amount (as defined in Element C.18) that the Issuer is scheduled to pay in respect of each Note</p>

Element	Description of Element	Disclosure requirement
		<p>then outstanding, provided that no Early Redemption Event, Event of Default, Bail-In Event or Modified Redemption Event has occurred in accordance with the terms and conditions of the Notes. The Swap Counterparty will also pay the Issuer an amount equal to the fees and expenses incurred by the Issuer in connection with the administration of the Compartment.</p> <p>Following the occurrence of a Modified Redemption Event (if any), (i) the Notes shall cease to bear interest and (ii) as soon as reasonably practicable after the calculation by the Swap Counterparty of the early termination amount due under the Swap Agreement, the Swap Counterparty shall, if such amount is due to the Issuer, pay to the Issuer an amount equal to the early termination amount (if any) (being the Swap Portion Amount (as defined in Element C.8 below) and the Deposit Counterparty shall pay to the Issuer an amount equal to the Protected Amount (as defined in Element C.8).</p> <p>Such flows can be summarised in the diagram as set out below:</p>  <p>The diagram illustrates the flow of funds between Nagelmackers, Compartment A0049, Societe Generale, and Investors. Nagelmackers provides the Final Redemption Amount to the Compartment A0049. The Compartment A0049 contains a Deposit Agreement and a Swap Agreement. The Swap Agreement is linked to Societe Generale, which provides Interest Amounts to the Compartment A0049. The Compartment A0049 issues Notes to Investors.</p>
<p>B.30</p>	<p>Name and description of the originators of the securitised assets</p>	<p>Societe Generale is the counterparty to the Swap Agreement. Societe Generale is a public limited company (<i>societe anonyme</i>) established under French law incorporated by deed approved by Decree on May 4, 1864, and is approved as a bank.</p> <p>Societe Generale is one of the leading financial services groups in Europe. It has built a solid universal banking model designed to meet the needs of 31 millions of customers focused on three complementary pillars: French retail banking, international retail banking and financial services, global banking and investor solutions.</p> <p>Banque Nagelmackers S.A. (formerly known as Delta Lloyd Bank S.A.) is the counterparty to the Deposit Agreement. Banque Nagelmackers S.A. is approved as a bank and maintains its head office Avenue de l'Astronomie 23, 1210 Brussels, BELGIUM.</p> <p>Banque Nagelmackers S.A. operates in Belgium and provides its customers with a broad range of products and services, including personal banking, private banking and asset management. The focus lies on relationship banking for affluent clients.</p> <p>The bank became a direct wholly owned subsidiary of Anbang Belgium Holding nv on 22 July 2015 following the sale of the bank by Delta Lloyd nv.</p>

Element	Description of Element	Disclosure requirement
		<p>Anbang Belgium Holding nv forms part of Anbang Insurance Group. Established in 2004 and headquartered in Beijing, Anbang Insurance Group is a leading insurance company in China with more than 30,000 employees and over € 120 billion in assets.</p> <p>Banque Nagelmackers S.A. was formerly known as Delta Lloyd Bank S.A. and before that as Bankunie nv founded on 18 June 1966 as a societe anonyme and its current form is the result of the acquisitions of Bank van Limburg CVBA in 2001 and part of Bank Nagelmackers 1747 NV in 2002. In 2005, Bank Nagelmackers 1747 NV fully merged with Delta Lloyd Bank. After operating under the name of Delta Lloyd Bank for more than a decade the bank changed her name to Bank Nagelmackers on 5 October 2015.</p>

Section C - Securities

Element	Description of Element	Disclosure requirement												
C.1	Description of Notes/ISIN	The Notes are linked to the Solactive Stable Income Europe Index (the " Index ") and are index linked asset backed securities. The ISIN code of the Notes is XS1570213386.												
C.2	Currency	The currency of the Notes is Euro (" EUR ").												
C.5	Restrictions on free transferability	The Notes are designated as 'Permanently Restricted Notes' under the Conditions. As a result they are available only to investors who are (1) located outside the United States, and who are (2) Non-U.S. Persons (as defined in Regulation S under the Securities Act and Rule 4.7 under the Commodity Exchange Act (as such terms may be amended from time to time)). This will accordingly operate as a restriction on transfer of the Notes (or any interest therein).												
C.8	Rights attached to the Notes, including ranking and limitation of these rights	<p>1) Rights attached to the Notes Please see below with respect to payments due on redemption of the Notes.</p> <p>Redemption The Notes give Noteholders rights to payment of the Interest Amounts (if any) and the Final Redemption Amount (each as defined below).</p> <p>Interest Amounts Unless previously redeemed or purchased and cancelled, provided no Event of Default, no Early Redemption Event, no Bail-In Event or no Modified Redemptiion Event has occurred, the interest amount (the "Interest Amount"), if any, payable on each Interest Payment Date(i) in respect of each Note shall be an amount equal to: Specified Denomination x [Min(3.75% ; Max(0% ; 1/i x Performance(i)))] where:</p> <table border="1"> <tbody> <tr> <td>Specified Denomination</td> <td>EUR1,000</td> </tr> <tr> <td>Performance(i); (i from 1 to 10)</td> <td>[S(i) / S(0)] - 1</td> </tr> <tr> <td>S(0)</td> <td>Closing Price of the Underlying on the Valuation Date(0)</td> </tr> <tr> <td>S(i); (i from 1 to 10)</td> <td>Closing Price of the Underlying on the Valuation Date(i)</td> </tr> <tr> <td>Closing Price</td> <td>Means the official closing level of the Index published and announced by the Index Sponsor, as eventually adjusted (if applicable) upon determinations made by the Calculation Agent.</td> </tr> <tr> <td>Valuation Date(0)</td> <td>03/10/2017 (the "Initial Strike Date")</td> </tr> </tbody> </table>	Specified Denomination	EUR1,000	Performance(i); (i from 1 to 10)	[S(i) / S(0)] - 1	S(0)	Closing Price of the Underlying on the Valuation Date(0)	S(i); (i from 1 to 10)	Closing Price of the Underlying on the Valuation Date(i)	Closing Price	Means the official closing level of the Index published and announced by the Index Sponsor, as eventually adjusted (if applicable) upon determinations made by the Calculation Agent.	Valuation Date(0)	03/10/2017 (the " Initial Strike Date ")
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Valuation Date(0)	03/10/2017 (the " Initial Strike Date ")													

Element	Description of Element	Disclosure requirement								
		(DD/MM/YYYY)								
		Valuation Dates(i) (i from 1 to 10) (DD/MM/YYYY)		i=1	03/10/2018 (the " First Valuation Date ")					
				i=2	03/10/2019					
				i=3	05/10/2020					
				i=4	04/10/2021					
				i=5	03/10/2022					
				i=6	03/10/2023					
				i=7	03/10/2024					
				i=8	03/10/2025					
				i=9	05/10/2026					
				i=10	04/10/2027 (the " Last Valuation Date ")					
		Interest Payment Dates(i) (i from 1 to 10) (DD/MM/YYYY)		i=1	11/10/2018					
				i=2	11/10/2019					
				i=3	12/10/2020					
				i=4	11/10/2021					
				i=5	11/10/2022					
				i=6	11/10/2023					
				i=7	11/10/2024					
				i=8	13/10/2025					
				i=9	12/10/2026					
				i=10	11/10/2027					
		Underlying		Means the following index (the " Index ") as described below:						
				Index Name	Index Type	Bloomberg Code	Index Calculation Agent	Index Sponsor	Exchange(s)	Website
				Solactive Stable Income Europe Index	Price Return	SOLFCF	Solactive A.G. (which calculates and disseminates the Index levels in accordance with the Index rules)	Solactive A.G. (which specifies the Index rules and methods of calculation)	Each exchange on which securities comprised in the Index are traded, from time to time, as determined by the Index Sponsor	www.solactive.com
		<p>The Issuer will hedge its obligations to pay an amount equal to the Interest Amount due in respect of each Note (if any) by entering into the Swap Agreement.</p> <p>Provided that no Early Redemption Event, Event of Default, Bail-In Event or</p>								

Element	Description of Element	Disclosure requirement
		<p>Modified Redemption Event has occurred, the Interest Amount, if any, payable on an Interest Payment Date in respect of each Note shall be a positive amount, which will depend on the performance of the Index on the Initial Strike Date and on the relevant valuation date in a series of annual (or near annual) Valuation Dates commencing on the First Valuation Date and ending on the Last Valuation Date.</p> <p>Final Redemption Amount</p> <p><u>Case 1</u> Unless previously redeemed or purchased and cancelled, provided no Modified Redemption Event, no Event of Default, no Early Redemption Event or no Bail-In Event (each as defined hereafter) has occurred, the final redemption amount (the "Final Redemption Amount") payable by the Issuer on the Scheduled Maturity Date in respect of each Note shall be an amount to be determined in accordance with the applicable formula below.</p> <p>Specified Denomination x 100%</p> <p><u>Case 2</u> Notwithstanding Case 1, where a Modified Redemption Event has occurred (but no Event of Default, Early Redemption Event or Bail-In Event (i) has occurred prior to the Modified Redemption Event or (ii) occurs from and including the Modified Redemption Event to and including the Scheduled Maturity Date), the Final Redemption Amount payable by the Issuer on the Scheduled Maturity Date in respect of each Note shall be an amount equal to the Modified Redemption Amount.</p> <p>Where:</p> <p>"Modified Redemption Event" means the occurrence of an event deemed to qualify and determined by the Calculation Agent as a modified redemption event in application of the equity technical annex in respect of the Prospectus (including without limitation certain changes in law and the case of cancellation of the Index) and the Calculation Agent having elected to apply the Modified Redemption Amount.</p> <p>"Modified Redemption Amount" means an amount calculated by the Calculation Agent equal to the sum of:</p> <p>(x) the Protected Amount; and</p> <p>(y) the Swap Portion Amount;</p> <p>"Protected Amount" means the product of 100% and the Specified Denomination;</p> <p>"Swap Portion Amount" means an amount (if any) in respect of each Note and subject to a minimum of zero, equal to a <i>pro rata</i> share of the sum of (i) the early termination amount (if any) received by the Issuer under the Swap Agreement in connection with the termination of the Swap Agreement (as defined below) in whole or in part and (ii) interest (if any) which has accrued in respect of the amount of such early termination amount received by the Issuer (which, for the avoidance of doubt, may be a positive or negative figure).</p>

Element	Description of Element	Disclosure requirement
		<p>Bail-In Event</p> <p>Further to the occurrence of a Bail-In Event (as determined by the Swap Counterparty), the Issuer may, with the prior written consent of the Swap Counterparty but without the consent of the Trustee or the Noteholders or any other Secured Party, acting in good faith and in a commercially reasonable manner, amend from time to time any provision(s) of this Prospectus to incorporate and/or reflect and/or take account of the Bail-In Event. Such amendments may include, without limitation, varying any date or timing or procedures or amounts payable provided for in this Prospectus. Any amendment made pursuant to this paragraph will be notified to the Noteholders.</p> <p>"Bail-In Event" means the taking of a resolution action by a resolution authority, as defined in Directive 2014/59/EU, in respect of the Deposit Counterparty and which may affect the economics of the Deposit Agreement.</p> <p>Early Redemption</p> <p>The Terms and Conditions of the Notes provide that the Notes are subject to early redemption on the occurrence of certain events (each, an "Early Redemption Event") including:</p> <ul style="list-style-type: none"> • A termination of the Deposit Agreement prior to its scheduled termination date, save as a consequence of the Issuer purchasing all the Notes in accordance with specific provisions of the Terms and Conditions of the Notes (such termination may in particular occur as a result of the Deposit Counterparty being bankrupt or declared insolvent). • A termination of the Swap Agreement prior to its scheduled termination date, save pursuant to the occurrence of a Modified Redemption Event. • On the occurrence of certain trigger events with respect to the compartment assets (including the case where the amounts received by the Issuer under the Deposit Agreement are less than the amounts required to make payments in respect of the Notes). • The occurrence of a force majeure. • The occurrence of a change in law. <p>Following the occurrence of an Early Redemption Event, notice of early redemption shall be given to the Noteholders and the Notes shall become due and payable on the date of redemption specified in the notice (the "Early Redemption Date") (which may fall prior to or after the Scheduled Maturity Date) at the Early Redemption Amount. The Early Redemption Date may be extended up to and including the Extended Redemption Date (as defined below) if the Issuer has not received in full the amount it is scheduled to receive on or prior to the Early Redemption Date in respect of any of the Charged Assets.</p> <p>"Extended Redemption Date" means the date that is up to two calendar years after the Scheduled Maturity Date or, if the Early Redemption Date falls prior to the Scheduled Maturity Date, up to two calendar years after such original Early Redemption Date.</p>

Element	Description of Element	Disclosure requirement
		<p>Events of Default</p> <p>The Terms and Conditions of the Notes provide that, subject to certain qualifications the Trustee at its discretion may and if so requested in writing by the holders of at least one-fifth in aggregate principal amount of Notes then outstanding or if so directed by an extraordinary resolution of such holders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer that such Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount (such occurrence, a "Note Acceleration") upon the occurrence of any of the following events (each an "Event of Default"): </p> <ul style="list-style-type: none"> (i) a default is made for a period of 30 days or more in the payment of any sum due or the delivery of underlying assets deliverable in respect of the Notes of such Series; or (ii) the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in the relevant Terms and Conditions shall be required) such failure continues for a period of 60 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or (iii) in respect of any other series of notes issued under the same Compartment as the Notes (such other series of notes, the "Related Notes"), a "Note Acceleration" (as defined under the terms and conditions of such Related Notes) occurs; or (iv) any order is made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer (or certain similar insolvency processes in its jurisdiction) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the holders of Notes of such Series; or (v) the Issuer is in a state of cessation of payments (<i>cessation de paiements</i>) and has lost its commercial creditworthiness (<i>ébranlement de crédit</i>). <p>Early Redemption Amount</p> <p>The early redemption amount ("Early Redemption Amount") payable on the Notes shall be an amount equal to the aggregate of the amount paid to the Issuer by the Deposit Counterparty upon early termination of the Term Deposit and the amount, if any, paid to the Issuer by the Swap Counterparty upon early termination of the Swap Agreement, less certain fees and expenses. For the avoidance of doubt the Early Redemption Amount may represent less than the aggregate nominal amount of the Notes.</p> <p>2) Ranking</p> <p>The Notes are secured, limited recourse obligations of the Issuer, acting on</p>

Element	Description of Element	Disclosure requirement
		<p>behalf of the Compartment ranking <i>pari passu</i> and without any preference among themselves.</p> <p>3) Limitation of rights Claims against the Issuer by Noteholders, the Swap Counterparty (as the case may be) and each other creditor relating to the Notes will be limited to the Charged Assets applicable to the Notes. If the net proceeds of the realisation of the Charged Assets are not sufficient to make all payments due in respect of the Notes, due to the Swap Counterparty (as the case may be) and each other creditor relating to the Notes, no other assets of the Issuer will be available to meet such shortfall. Consequently, the claims of the Noteholders and any such Swap Counterparty or other creditors relating to the Notes in respect of any such shortfall shall be extinguished. No party will be able to petition for the winding-up of the Issuer as a consequence of any such shortfall or launch proceedings against the Issuer.</p> <p>The Notes are issued in registered form and claims will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the relevant date for payment.</p>
C.11	Admission to trading on a regulated market	Not applicable. The Notes have not been admitted to trading, and application has not been made to have the Notes admitted to trading, on any market of any stock exchange.
C.12	Minimum Denomination	The Notes will be issued in denominations of EUR1,000 (the “ Specified Denomination ”).
C.15	Description of how the value of the investment is affected by the value of the underlying instrument(s)	<p>The Interest Amount will (i) depend on the performance of the Index observed on the Valuation Date immediately preceding the relevant Interest Payment Date since the Initial Strike Date and (ii) subject to an overall cap in terms of performance. If a Modified Redemption Event occurs, the Notes will cease to bear interest.</p> <p>Provided that no Early Redemption Event, Event of Default, Modified Redemption Event or Bail-In Event has occurred, the Final Redemption Amount shall be not less than 100% of the Specified Denomination.</p> <p>The Swap Agreement and the Deposit Agreement are the assets on which the Notes are secured and have characteristics that demonstrate capacity to produce funds to service the payments due and payable in respect of the Notes. Accordingly, the ability of the Issuer to pay the Final Redemption Amount and the Interest Amounts (if any) for each Note is linked to the creditworthiness of Banque Nagelmackers S.A. as Deposit Counterparty and the creditworthiness of Societe Generale as Swap Counterparty.</p> <p>The Issuer will hedge its obligations with respect to payment of the Final Redemption Amount and the Interest Amounts (if any) by entering into the Deposit Agreement with Banque Nagelmackers S.A. and the Swap Agreement with Societe Generale.</p> <p>The Notes are therefore suitable for investors who expect the Index to perform positively and do not expect an event relating to the creditworthiness of the Deposit Counterparty or the Swap Counterparty to occur.</p>

Element	Description of Element	Disclosure requirement
C.16	The expiration or maturity date of the derivative securities – the exercise date or final reference date	The Scheduled Maturity Date of the Notes is 11 October 2027.
C.17	A description of the settlement procedure of the derivative securities	The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (the " Clearing Systems "). The Notes will be cleared through the Clearing Systems and will be redeemed in Euro.
C.18	A description of how the return on derivative securities takes place	Please see Element C.8 above.
C.19	The exercise price or the final reference price of the underlying	Not Applicable. The basis on which the variable Performance(i) forming part of the Interest Amount (if any) payable under the Notes is determined is summarised in Element C.8 above and will be based on a formula which refers to the value of the underlying Index over a series of Valuation Dates compared to those as of the Initial Strike Date. Therefore, there is no determination made by exercise of an option at a specific exercise price or on the basis of a single reference price in respect of an underlying asset.
C.20	A description of the type of the underlying and where the information on the underlying can be found	The Index is comprised of various components. General information relating to the Index can be found on internationally recognised financial information sources (including but not limited to Bloomberg screen page SOLFCF Index) and the website (www.solactive.com).

Section D - Risks

Element	Description of Element	Disclosure requirement
D.2	Key risks regarding the Issuer	<p>There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. These include that the Issuer's sole business is to enter into, perform and serve as a vehicle for, any transactions permitted under the Securitisation Act 2004. The Issuer is not expected to have any assets that are available to Noteholders other than the Swap Agreement and the Deposit Agreement, and Noteholders will have no recourse to any other assets in respect of the Issuer's obligations under the Notes.</p> <p>The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of payments under the Swap Agreement and the Deposit Agreement. Consequently, the Issuer will be exposed to the ability of Banque Nagelmackers S.A. in respect of the Deposit Agreement and Societe Generale in respect of the Swap Agreement to perform its obligations thereunder and to its general creditworthiness. Societe Generale will not provide credit support for its obligations under the Swap Agreement.</p> <p>Like other banks or financial institutions, the Deposit Counterparty and the Swap Counterparty are exposed to several risks in the conduct of their business which in turn may affect their ability to respect their contractual obligations. The main ones could be summarised as follows:</p> <ul style="list-style-type: none"> ○ the credit risk inherent to a traditional lending activity and the risk of losses related to the inability of customers or counterparties to meet their financial obligations, ○ the market risk linked to the fluctuations of market prices or factors to which those entities are sensitive, such as (but not limited to) interest rates and which have an impact on their activities, balance sheet management and financial positions. ○ the operational risk which comprises the exposure to loss coming from internal failure, inadequate procedures or external events affecting the operations ○ the liquidity risk relating to situation where the bank balance sheet is such that it has not immediate sufficient funds to honour its obligations. <p>The ability of the Issuer to pay an amount equal to the Specified Denomination or, as the case may be, the Protected Amount, of each Note will be dependent on the Deposit Counterparty performing its obligations under the Deposit Agreement and the creditworthiness of the Deposit Counterparty. If the Deposit Counterparty fails to pay any amount that it is due to pay under the Deposit Agreement or it becomes insolvent, investors may lose the value of their entire investment or part of it, as the case may be. In such event, the Notes may be redeemed earlier or later than the Scheduled Maturity Date. The price of the Notes may be volatile and will be affected by, amongst other things, the time remaining to the Scheduled Maturity Date and the creditworthiness of Deposit Counterparty, which in turn may be affected by political, economic and financial events in one or more jurisdictions. Consequently, the Issuer is exposed to the ability of Banque Nagelmackers S.A. to perform its obligations as the Deposit Counterparty.</p> <p>The ability of the Issuer to pay an amount equal, as the case may be, to the Interest Amount (if any) or the Swap Portion Amount in respect of each Note will be dependent on the Swap Counterparty performing its obligations under the</p>

Element	Description of Element	Disclosure requirement
		<p>Swap Agreement. Consequently, the Issuer is exposed to the ability of Societe Generale to perform its obligations as the Swap Counterparty and to the general creditworthiness of Societe Generale. Societe Generale will not provide credit support for its obligations under the Swap Agreement.</p> <p>The Issuer will be the sole party liable under the Notes. In the event of insolvency proceedings in relation to the Issuer, Noteholders bear the risk of delay in settlement of any claims they may have against the Issuer under the notes or receiving, in respect of their claims, the residual amount following realisation of the Issuer's assets after preferred creditors have been paid.</p> <p>In addition to the foregoing, the Issuer has identified in this Prospectus a number of other factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include, without limitation, risks relating to the limited recourse of Noteholders to the assets of the Issuer relating to Compartment A0049, insolvency of the Issuer and the consequences thereof; the occurrence of an Early Redemption Event in respect of the Notes and the consequences thereof and The Dodd-Frank Wall Street Reform and Consumer Protection Act, the European Markets and Infrastructure Regulation and the European Recovery and Resolution Directive.</p> <p>The Notes will be the twenty second Series of Notes to be issued under this Compartment. On the Issue Date of the Notes, a Series twenty one will also be issued. Other Series of Notes may be issued under this Compartment in the future.</p>
D.6	Key risks regarding the Notes and risk warning	<p>There are certain general factors to be considered for the purpose of assessing the risks associated with the Notes.</p> <p>These include the fact that the Notes may not be a suitable investment for all investors. In particular the Notes are not suitable for investors who lack the requisite knowledge and experience to evaluate the merits and risks of, or are not capable of bearing the economic risk of, an investment in the Notes. Early redemption of the Notes which may lead to a loss of investment. The Notes are subject to tax risk, risk of applicable regulations and the risk of change in law. No secondary market may exist for the Notes. This may limit the ability of investors to realise their investment for a certain period of time. Certain conflicts of interest may arise and adversely affect the Notes. The Securitisation Act 2004 provides that the Charged Assets are available to meet only the claims of the Secured Parties in relation to the Notes and any associated Related Notes. The Charged Assets are exclusively allocated to the Compartment and will be kept separate from the other assets of the Issuer, in respect of its other compartments. If the Charged Assets are not sufficient to discharge all payments obligations of the Issuer in accordance with the applicable order of priority of payments, Noteholders may lose up to their entire investment. In addition, in relation to the Notes, only the Trustee may take action (including enforcement action) against the Issuer, and is not obliged to take any such action without first being indemnified and/or secured to its satisfaction.</p> <p>There are also certain factors which are material for the purposes of assessing the market and credit risks associated with the Notes and include exposure to the Index, factors affecting the value and trading price of the Notes, considerations regarding hedging, market disruption or failure to open of an exchange, additional adjustment events, post-issuance information, change in law, effect of credit rating change (in particular affecting the Deposit Counterparty and / or the Swap</p>

Element	Description of Element	Disclosure requirement
		<p>Counterparty), early redemption, interest rate changes, foreign exchange rate variation, and the risk that the Deposit Agreement and or the Swap Agreement may not be realisable for their full nominal value.</p> <p>The Deposit Agreement and the Swap Agreement will, along with the Issuer's rights under such agreements and any proceeds from such agreements form part of the Charged Assets.</p> <p>Investors should be aware that they may lose the value of their entire investment (together with, in addition to such investment, any amounts which may have accrued on such investment but which have not been paid, if applicable) or part of it, as the case may be.</p>

Section E – Offer

Element	Description of Element	Disclosure requirement				
E.2b	Reasons for the Offer and Use of proceeds	The net proceeds of the Notes will be used by the Issuer to enter into and make payments under the Swap Agreement to the Swap Counterparty and under the Deposit Agreement to the Deposit Counterparty.				
E.3	Terms and conditions of the offer	<p>Applications to subscribe for the Notes can be made in Belgium by contacting Banque Nagelmackers S.A. or one of its agents.</p> <p>The Issuer has been informed by Banque Nagelmackers S.A. (the "Authorised Offeror") that the distribution of the Notes will be carried out in accordance with the Authorised Offeror's usual procedures and subject to applicable laws and regulations.</p> <p>Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer in relation to the subscription for the Notes.</p> <p>Offers may be made by the Authorised Offeror in Belgium to retail clients and private banking clients.</p> <p>There are no pre-identified allotment criteria. The Issuer has been informed that the Authorised Offeror will adopt allotment criteria that ensure equal treatment of prospective investors. All of the Notes requested through the Authorised Offeror during the Offer Period will be assigned up to the maximum amount of the offer.</p> <p>Each investor will be notified by the Authorised Offeror of its allocation of Notes after the end of the Offer Period. Neither the Issuer nor Societe Generale (the "Dealer") is responsible for such notification.</p> <table border="1" data-bbox="486 1196 1481 1473"> <tr> <td data-bbox="486 1196 890 1290">Offer Period:</td> <td data-bbox="890 1196 1481 1290">From, and including, 19 July 2017 to, and including, 26 September 2017.</td> </tr> <tr> <td data-bbox="486 1290 890 1473">Offer Price (per Note):</td> <td data-bbox="890 1290 1481 1473">Each Note will be offered at a price equal to 100% of its specified denomination (the "Issue Price") increased by a subscription fee as specified below. Such subscription fee shall be retained by the Authorised Offeror.</td> </tr> </table> <p>Conditions to which the offer is subject:</p> <p>The Issuer reserves the right to withdraw the offer of the Notes at any time on or prior to the Issue Date.</p> <p>For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such right to withdraw the offer of Notes, each such potential investor shall not be entitled to subscribe to or otherwise acquire Notes.</p>	Offer Period:	From, and including, 19 July 2017 to, and including, 26 September 2017.	Offer Price (per Note):	Each Note will be offered at a price equal to 100% of its specified denomination (the " Issue Price ") increased by a subscription fee as specified below. Such subscription fee shall be retained by the Authorised Offeror.
Offer Period:	From, and including, 19 July 2017 to, and including, 26 September 2017.					
Offer Price (per Note):	Each Note will be offered at a price equal to 100% of its specified denomination (the " Issue Price ") increased by a subscription fee as specified below. Such subscription fee shall be retained by the Authorised Offeror.					

Element	Description of Element	Disclosure requirement	
		Manner in and date on which results of the offer are to be made public:	The results of the offer will be made public on the website of the Issuer on http://prospectus.socgen.com , and through a notice published on the website of the Authorised Offeror (www.nagelmackers.be) within 5 business days following the end of the Offer Period.
		Details of the minimum and/or maximum amount of application:	Minimum subscription amount per investor: EUR1,000. Maximum subscription amount per investor: EUR30,000,000.
		Description of possibility to reduce subscriptions and manner for refunding excess amount paid by the applicants:	Not Applicable because if, during the Offer Period, applications to subscribe for the Notes exceed the total amount of the offer, the Offer Period will end early and acceptance of further applications will be immediately suspended.
		Details of the method and time limits for paying up and delivering the Notes.	The Notes will be cleared through the clearing systems and are due to be delivered through the Authorised Offeror on or about the Issue Date. Each investor will be notified by the Authorised Offeror of the settlement arrangements in respect of the Notes at the time of such investor's application. Neither the Issuer nor the Dealer is responsible for such notifications.
E.4	Interest of natural and legal persons involved in the issue/offer	Societe Generale is acting as Swap Counterparty in connection with the Notes. Banque Nagelmackers S.A. is acting as Authorised Offeror and Deposit Counterparty in connection with the Notes.	
E.7	Expenses charged to the investor by the Issuer or an offeror	The Offer Price as described in Element E.3 above will be equal to (i) the Issue Price, which shall embed a maximum annual distribution commission of 1 per cent and a partnership fee payable to the Authorised Offeror and (ii) a subscription fee of up to 2 per cent. of the specified denomination depending on the number of Notes to be purchased by the potential investor. Such subscription fee shall be retained directly by the Authorised Offeror.	

RISK FACTORS

Prospective purchasers of Notes should carefully consider the following information in conjunction with the other information contained in this Prospectus (including the Issue Specific Terms and information incorporated by reference herein) before purchasing Notes.

Investors may lose the value of their entire investment (together with, in addition to such investment, any amounts which may have accrued on such investment but which have not been paid, if applicable) or part of it, as the case may be.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with Notes are also described below.

The Issuer believes that the factors described below represent the material risks which are specific to the situation of the Issuer, the securities and to taking investment decisions in such securities, but the inability of the Issuer to pay principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered material risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. No investment should be made in the Notes until after careful consideration of all those factors that are relevant in relation to the Notes. Prospective investors should reach an investment decision with respect to the suitability of the Notes for them only after careful consideration and consultation with their financial and legal advisers.

The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.

A. Risks relating to the Issuer and the Group

A.1. The Group is exposed to the risks inherent in its core businesses

An investment in the Notes involves certain risks which should be assessed prior to any investment decision.

In particular, Société Générale and its controlled entities' (the "**Group**") are exposed to the risks inherent in its core businesses, including:

- credit risks:

The Group is exposed to counterparty and concentration risks.

The Group's hedging strategies may not prevent all risk of losses.

The Group's results of operations and financial situation could be adversely affected by a significant increase in new provisions or by inadequate provisioning for loan losses.

- market risks:

The global economy and financial markets continue to display high levels of uncertainty, which may materially and adversely affect the Group's business, financial situation and results of operations.

The Group's results may be affected by regional market exposures.

The Group operates in highly competitive industries, including in its home market.

The protracted decline of financial markets may make it harder to sell assets and could lead to material losses.

The volatility of the financial markets may cause the Group to suffer significant losses on its trading and investment activities.

The financial soundness and conduct of other financial institutions and market participants could adversely affect the Group.

The Group may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

- operational risks:

The Group's risk management system may not be effective and may expose the Group to unidentified or unanticipated risks, which could lead to significant losses.

Operational failure, termination or capacity constraints affecting institutions the Group does business with, or failure or breach of the Group's information technology systems, could result in losses.

The Group relies on assumptions and estimates which, if incorrect, could have a significant impact on its financial statements.

The Group's ability to attract and retain qualified employees is critical to the success of its business, and the failure to do so may materially adversely affect its performance.

If the Group makes an acquisition, it may be unable to manage the integration process in a cost-effective manner or achieve the expected benefits.

- structural interest and exchange risks:

Changes in interest rates may adversely affect the Group's banking and asset management businesses.

Fluctuations in exchange rates could adversely affect the Group's results of operations.

- liquidity risk:

The Group depends on access to financing and other sources of liquidity, which may be restricted for reasons beyond its control.

A reduced liquidity in financial markets may make it harder to sell assets and could lead to material losses.

- non-compliance, legal, regulatory and reputational risks:

Reputational damage could harm the Group's competitive position.

The Group is exposed to legal risks that could negatively affect its financial situation or results of operations.

The Group is subject to an extensive supervisory and regulatory framework in each of the countries in which it operates and changes in this regulatory framework could have a significant effect on the Group's businesses.

A number of exceptional measures taken by governments, central banks and regulators could be amended or terminated, and measures at the European level face implementation risks.

- other risks:

The Group may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks or natural disasters.

A.2 Risks relating to the Issuer

Securitisation Act 2004, Compartments and Limited Recourse

The Issuer is established as a *société de titrisation* within the meaning of the Securitisation Act 2004, which provides that claims against the Issuer by the Secured Parties will, in principle, be limited to the net assets of the relevant series included in the relevant Compartment.

The board of directors of the Issuer (the "**Board**") may establish one or more compartments (together the "**Compartments**" and each a "**Compartment**") each of which constitutes either a Category A Compartment or a Category B Compartment or the Category X Compartment, each of which is a separate and distinct part of the Issuer's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets and, as far as each Category A Compartment and Category B Compartment is concerned, the Conditions, in each case as completed by the applicable issuance documentation, the reference currency or other distinguishing characteristics. The Conditions of the Notes issued in respect of, and the specific objects of, each Category A Compartment shall be determined by the Board. Each Secured Party shall be deemed to fully adhere to, and be bound by, the Conditions applicable to the Notes and the articles of incorporation of the Issuer (the "**Articles**" or the "**Articles of Incorporation**").

In respect of Compartment A0049 and any Note, and following a Note Acceleration in respect of such Note, the entitlement the holder of the Note has against the Issuer will be limited to such Noteholder's *pro rata* share of the proceeds of the Charged Assets applied in accordance with the Order of Priority specified in the Issue Specific Terms. If, in respect of any Note, the net proceeds of the enforcement or liquidation of the relevant Charged Assets applied as aforesaid are not sufficient to make all payments due in respect of the Note in accordance with the Order of Priority specified in the Issue Specific Terms then, (i) no other assets of the Issuer will be available to meet such Residual Shortfall Amount; (ii) the claims of the holder of the Note as against the Issuer in respect of any such Residual Shortfall Amount shall be extinguished and (iii) neither the holder of a Note nor any person on its behalf shall have the right to petition for the winding-up of the Issuer as a consequence of any Residual Shortfall Amount or otherwise. Noteholders, by acquiring the Notes, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and, in particular, the provisions with respect to limited recourse, non-petition, subordination and priority of payments.

Subject to the particular rights and limitations attaching to the Notes, as specified in the Articles or upon which such Notes are issued including, without limitation, the relevant Conditions and the Issue Specific Terms, if the net assets of the Compartment are liquidated, the proceeds thereof shall be applied in the order set out in the Conditions.

Fees, expenses and other liabilities incurred on behalf of the Issuer but which do not relate specifically to the Compartment shall, unless otherwise determined by the Board, be general liabilities of the Issuer and shall not be payable out of the assets of the Compartment. The Board shall ensure, to the extent possible (although there is no guarantee that the Board will be able to achieve this), that creditors of such liabilities waive recourse to the assets of any Compartment.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Issuer. The assets of the Compartment include (i) the proceeds of the issue of the Notes and the Related Agreements and (ii) the proceeds of the issue of any Related Notes issued in respect of the Compartment and any agreements relating thereto. Noteholders are therefore exposed not only to risks relating to their Series of Notes but also to actions relating to another Series of Notes issued previously or in the future as part of the same Compartment. This includes allowing for the Notes to be accelerated prior to their scheduled maturity date and for the security granted in respect of the Compartment to become due. The fees, costs and expenses in relation to the Notes of each Series are allocated to the Compartment in accordance with the relevant Conditions.

To give effect to the provisions of the Securitisation Act 2004 and the Articles under which the Charged Assets of the Compartment are available only for the Secured Parties for the relevant Series relating to that Compartment, the Issuer will seek (although there is no guarantee that the Issuer will

be able to achieve this) to contract with parties on a "limited recourse" basis such that claims against the Issuer in relation to the Notes would be restricted to the Charged Assets of the Compartment.

Consequences of Winding-up Proceedings

If the Issuer fails for any reason to meet its obligations or liabilities (that is, if the Issuer is unable to pay its debts and cannot obtain further credit), a creditor, who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Issuer, is entitled to make an application for the commencement of insolvency proceedings against the Issuer. In that case, such creditor should however not have recourse to the assets of any Compartment (in the case that the Issuer has created one or more Compartments) but should have to exercise his rights on the general assets of the Issuer unless his rights would arise in connection with the "creation, operation or liquidation" of a Compartment, in which case, the creditor would have recourse to the assets allocated to that Compartment but he would not have recourse to the assets of any other Compartment. Furthermore, the commencement of such proceedings may in certain conditions, entitle creditors (including the relevant counterparties) to terminate contracts with the Issuer (including Related Agreements) and claim damages for any loss created by such early termination. The Issuer will seek to contract only with parties who agree not to make application for the commencement of winding-up, liquidation and bankruptcy or similar proceedings against the Issuer. Legal proceedings initiated against the Issuer in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court.

Creditworthiness of the Issuer

If you purchase the Notes, you are relying upon the creditworthiness of the Issuer.

Risks associated with the lack of independence of the Issuer and conflicts of interest

Save as otherwise provided herein, the Issuer is not aware of any conflict of interest that is material to the issue/offer of Notes hereunder.

Codeis Securities SA will act as the Issuer under the Notes. Societe Generale will act as the Swap Counterparty, Compartment Assets Manager, Disposal Agent, Market Maker, Voting Agent and Calculation Agent. As a result, investors will be exposed to potential conflicts of interest and operational risks arising from the lack of independence associated with Societe Generale acting as Swap Counterparty to the Issuer, Compartment Assets Manager, Disposal Agent, Market Maker, Voting Agent and Calculation Agent. The potential conflicts of interests and operational risks arising from such lack of independence are in part intended to be mitigated by the fact that different divisions within Societe Generale will be responsible for (i) providing the Swap and (iii) acting as Compartment Assets Manager, Disposal Agent, Market Maker, Voting Agent and Calculation Agent and that each division is run as a separate operational unit, segregated by Chinese walls (information barriers) and run by different management teams. Whilst compliance procedures require effective segregation of duties and responsibilities between the relevant divisions within Societe Generale, the possibility of conflicts of interest arising cannot be wholly eliminated.

Societe Generale provides a full array of capital market products and advisory services worldwide including the issuance of "structured" Notes where interest and/or principal is/are linked to the performance of underlying assets. The Issuer and any of its affiliates, in connection with their other business activities, may possess or acquire material information about the underlying assets. Such activities and information may cause consequences adverse to the Noteholders. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and the exercise of creditor rights. The Issuer and any of its affiliates have no obligation to disclose such information about the underlying assets or the companies to which they relate. The Issuer and any of its affiliates and their officers and directors may engage in any such activities without regard to the Notes or the effect that such activities may directly or indirectly have on any Note.

In particular, the following potential conflicts of interest could exist in connection with any issue of Notes in the context of this Programme:

- the Issuer is a subsidiary of Societe Generale and is within the scope of application of the corporate governance of the Group. It is not excluded that potential conflicts of interest between the Issuer and Societe Generale could affect the Noteholders;
- the Arranger, the Paying Agents, the Registrar, the Transfer Agent, Exchange Agent, Compartment Assets Manager, Disposal Agent, Market Maker, Swap Counterparty, Voting Agent and Calculation Agent are all part of the Group. A deterioration of Societe Generale's credit risk would also affect its affiliated companies and thus have a negative impact on the obligations of each of the entities listed above in relation to the Notes. If one of these entities does not respect its obligations towards the Issuer, this could have a negative impact on the Noteholders;
- in the normal course of their activity, Societe Generale and its affiliated companies (a) could be required to carry out transactions for their own account or for the account of their clients and hold long and short term positions on the underlying assets and/or products derived from these assets and (b) could be in business relationships and act as the financial advisor for companies whose shares or notes are underlying assets and/or Notes and could be deemed to be contrary to the interests of the Noteholders;
- in the normal course of their activity, Societe Generale and its affiliated companies could possess or acquire information which is not public knowledge on the underlying assets and which are or could be important to the Notes. None of the Societe Generale company group entities intend to make this information available to the Noteholders;
- one or more of the Issuer's affiliates may engage in trading and other business activities relating to the underlying fund(s) or their underlying assets that are not for the Noteholders' accounts or on behalf of the Noteholders (see "*Certain business activities may create conflicts of interest with Noteholders*" below). In connection with the offering of the Notes, the Issuer, Societe Generale or its affiliates may enter into one or more hedging transactions with respect to the Notes, the Charged Assets or related derivatives. In connection with such hedging by the Issuer, Societe Generale or its affiliates (or any market-making activities or with respect to proprietary or other trading activities by Societe Generale) may enter into transactions in the Charged Assets or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the relevant Noteholders.

Alternative Investment Fund Managers Directive

The Issuer is a securitisation undertaking under the Luxembourg law of 22 March 2004 on securitisation. EU Directive 2011/61/EU on Alternative Investment Fund Managers (the "**AIFMD**") does in principle not apply to securitisation undertakings in the sense of Regulation (EC) No 24/2009 of the European Central Bank of 19 December 2008 (ECB/2008/30). In particular, the frequently asked questions of the CSSF specify that securitisation undertakings that only issue debt instruments do not qualify as alternative investment funds ("**AIFs**"). However, in certain circumstances, a securitisation undertaking might qualify as an AIF and hence, become subject to the AIFMD. The AIFMD provides that AIFs must appoint a duly-authorized alternative investment fund manager entrusted with portfolio and risk management duties (the "**AIFM**").

Should the Issuer be considered as an AIF, the Issuer would have to appoint a duly licensed AIFM, which will have to comply with various disclosure requirements and implement policies on, inter alia, conflicts of interests, risk management and valuation. This might have an impact on the fees, expenses and costs incurred by the Issuer.

Potential investors in the Notes should take independent advice and make an independent assessment about the risks relating to AIFMD in the context of any potential investment decision with respect to the Notes.

B. Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Limitations on recourse and rights with respect to underlyings

A holder of the Notes has no rights against the sponsor of the Index and no direct rights against the Swap Counterparty. The Notes are not in any way sponsored, endorsed or promoted by the sponsor of the Index and such sponsor has no obligation to take into account the consequences of their actions on the Noteholders.

Risks associated with product structure

Once the proceeds of the issue of the Notes have been invested in the Compartment Assets, the corresponding Charged Assets (including, without limitation, the Swap Agreement and the Deposit Agreement) will constitute the only source of funds available to the Issuer for the satisfaction of its pre-enforcement obligations under the Notes and the relevant Related Agreements. Accordingly, if the Deposit Agreement and/or the Swap Agreement do not generate sufficient cashflows, either:

- (i) an Early Redemption Event under the Notes may occur, which, in turn, may lead to the realisation of the Charged Assets by the Disposal Agent; or
- (ii) an Event of Default may occur under the Notes, which, in turn, may lead to the enforcement and liquidation of the relevant Charged Assets by the Trustee (or its appointee under the Trust Deed Terms).

Furthermore, pursuant to the Deposit Agreement the amount the Issuer will deposit with the Deposit Counterparty shortly after the Issue Date will, based on the market conditions and interest rates prevailing on the third Business Day prior to the Issue Date, only enable the Deposit Counterparty to pay an amount equal to 100 per cent. of the then aggregate nominal amount of the Notes to the Issuer on or shortly before the Scheduled Maturity Date.

More particularly, and pursuant to the Terms and Conditions of the Notes, the Issuer will use part of the proceeds of the issue of the Notes to make payments to Banque Nagelmackers S.A. pursuant to the Deposit Agreement as well as to make payments to the Swap Counterparty pursuant to the Swap Agreement.

The ability of the Issuer to pay the part of the Final Redemption Amount calculated by reference to the Specified Denomination or, as the case may be, the Protected Amount in respect of each Note will be dependent on the Deposit Counterparty performing its obligations under the Deposit Agreement and the creditworthiness of the Deposit Counterparty. If the Deposit Counterparty fails to pay any amount that it is due to pay under the Deposit Agreement or it becomes insolvent or it is subject to a Bail-In Event, investors may lose the value of their entire investment or part of it, as the case may be. Following such occurrence, the Notes may be redeemed earlier or later than the Maturity Date. The price of the Notes may be volatile and will be affected by, amongst other things, the time remaining to the Maturity Date and the creditworthiness of the Deposit Counterparty, which in turn may be affected by political, economic and financial events in one or more jurisdictions. In the event that the Deposit Counterparty fails to pay an amount due under the Deposit Agreement when due or suffers an insolvency event, an Early Redemption Event will occur and the Issuer shall notify the Noteholders through the relevant clearing systems accordingly.

The ability of the Issuer to pay the Interest Amounts (if any) and the Swap Portion Amount (if applicable) in respect of each Note will be dependent on the Swap Counterparty performing its obligations under the Swap Agreement. Consequently, the Issuer is exposed to the ability of Societe Generale to perform its obligations as Swap Counterparty and to the general creditworthiness of Societe Generale. Societe Generale will not provide credit support for its obligations under the Swap Agreement. The Issuer will be the sole party liable under the Notes. In the event of insolvency proceedings in relation to the Issuer, Noteholders bear the risk of delay in settlement of any claims

they may have against the Issuer under the notes or receiving, in respect of their claims, the residual amount following realisation of the Issuer's assets after preferred creditors have been paid.

In the event the Swap Agreement terminates early due to the occurrence of a Modified Redemption Event, no Early Redemption Event will occur but thereafter the Interest Amounts on each Interest Payment Date shall be deemed to be zero. In the case of a Modified Redemption Event:

- (i) the Noteholders will receive the Protected Amount on the Scheduled Maturity Date; and
- (ii) any early termination payment received by the Issuer from the Swap Counterparty (being the Swap Portion Amount) and previously deposited in the Deposit Account will be paid to the Noteholders on the Scheduled Maturity Date, subject to the provisions of the Issue Specific Terms.

Following an Early Redemption Event, the Notes may be redeemed earlier or later than the Scheduled Maturity Date. The occurrence of an event affecting either the underlying Index or the Deposit Agreement may result in an Early Redemption Event. Where the Early Redemption Event results from the failure of the Deposit Counterparty to make any payment due in respect of the Deposit Agreement or its insolvency, there may be difficulties in recovering the cash value of the Term Deposit. In such a case or in circumstances where the Issuer has not received a payment under any Charged Asset, the redemption in full of the Notes may be postponed for up to two calendar years following the earlier of the Early Redemption Date or the Maturity Date. If, by such corresponding day, the amounts are not able to be recovered, then the Noteholders may lose their entire investment amount. Investors should consider carefully the likelihood of such circumstances. There is no guarantee that any such delay in redemption will result in any payments or any additional payments to the Noteholders.

Following the Extended Redemption Date, the Issuer will have no obligation to pay any further amounts to the holders of the Notes.

The Notes are suitable for investors who expect the underlying Index to perform positively and do not expect an event relating to the creditworthiness of the Deposit Counterparty, the Swap Counterparty or any other financial institutions involved in the transaction to occur, but in view of the potential for such an event to reduce the expected returns considerably, possibly even to zero, they should be capable of sustaining an entire loss of their capital investment.

The Trustee is not responsible for ensuring that the security created by the Issuer is valid and enforceable.

Risks linked to the non-application of certain tax clauses

Condition 7(n) "*Redemption for taxation reasons*" does not apply to the Notes. Accordingly, the Issuer will not be able to early redeem the Notes for taxation reasons.

All payments under the Notes shall be effected by the Issuer after deductions or withholdings for any taxes, duties, assessments or governmental charges in respect of such Notes as the case may be.

In such case, the Issuer will withhold or deduct such taxes, duties, assessments or governmental charges from the due and payable amount and pay the deducted or withheld amount to the competent tax authorities. **As a result, the amounts that the Noteholder will effectively receive under the Notes may be substantially less than the due and payable amounts.** The Issuer shall not be obliged to pay any additional amounts to Noteholders for any such deductions or withholding.

Custody Arrangements

Compartment Assets (together with any related security) will, unless otherwise specified in the Issue Specific Terms, be held by the Custodian on behalf of the Issuer pursuant to the Custody Agreement (as defined in Condition 8(c)(i)). Any assets held by the Custodian may be unavailable to investors upon the bankruptcy of the Custodian or, if different, the bank or financial institution with which such assets are held.

Negative interest rates may apply in certain circumstances to cash funds held by the Custodian or the Trustee

Negative interest rates may apply from time to time in certain circumstances to:

- any cash funds held by the Custodian on behalf of the Issuer (including cash funds held on behalf of the Issuer which have been transferred by the Swap Counterparty under the Swap Agreement pursuant to a Modified Redemption Event); and
- any cash funds held by the Trustee in respect of the Notes.

To the extent that such negative interest rates apply, the amount of cash collateral held by the Custodian or the Trustee may be reduced. This may result in Noteholders receiving less than they otherwise would have received in a different context of interest rates.

Belgian deposit guarantee scheme

There is uncertainty as to whether Codeis Securities SA as Depositor would be an eligible customer to benefit from the Belgian deposit guarantee scheme organized under the guarantee fund for financial services (the "**Guarantee Fund**"), which would eventually allow Codeis Securities SA protection up to a certain amount in respect of all the deposits made by Codeis Securities SA with the Deposit Bank (the "**Protected Amount**"). Subject to Codeis Securities SA benefiting from the Guarantee Fund, which is uncertain, Codeis Securities SA would share (in accordance with the order of priority) the Protected Amount it receives, if any, among all the outstanding series of notes issued within all the associated Compartments and consequently the amount, if any, received by any Noteholder may be a minimal amount compared to its initial investment into the Notes. In any case, the potential holder of the Notes would not have a direct benefit from the Guarantee Fund, contrary to a situation where he would have a deposit with the Deposit Bank.

C. General risks relating to the Notes

C.1 Set out below is a brief description of certain risks relating to the Notes generally

Independent Review and Advice

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. Prospective investors should also conduct such independent investigation and analysis regarding the Issuer, the Notes and all other relevant market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in Notes.

A prospective investor may not rely on the Issuer, the Arranger or the Dealer(s) or any other member of the Group in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Modification

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Further to the occurrence of a Bail-In Event (as determined by the Swap Counterparty), the Issuer may, with the prior written consent of the Swap Counterparty but without the consent of the Trustee or the Noteholders or any other Secured Party, acting in good faith and in a commercially reasonable manner, amend from time to time any provision(s) of the Notes to incorporate and/or reflect and/or take account of any consequences of the Bail-In Event which could affect the economics of the Notes.

Assessment of Investment Suitability

Each prospective investor in the Notes must determine the suitability of that investment in light of its own financial circumstances and investment objectives, and only after careful consideration with its financial, legal, tax and other advisers. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. The Notes may be redeemable at an amount below par, in which case investors may lose the value of part or their entire investment.

Legal, tax and regulatory changes

Legal, tax and regulatory changes could occur during the term of the Notes that may adversely affect the Notes, the underlying or related derivatives. The regulatory environment is evolving, and changes in the regulation of any entities may adversely affect their value. Regulators and self-regulatory

organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of securities and derivatives transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the underlying or related derivatives could be material, including clearing and margin requirements for derivatives and consequently may adversely affect the value of the Notes.

The Terms and Conditions of the Notes (including any non-contractual obligations arising therefrom or connected therewith) are based on relevant laws in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such laws, or the official application or interpretation of such laws or administrative practices after the date of this Prospectus.

No legal and tax advice

The Issuer is not giving legal or tax advice to the investors. Each prospective investor should consult its own advisers as to legal, tax and related aspects relating to an investment in the Notes. A Noteholder's effective yield on the Notes may be diminished by the tax on that Noteholder of its investment in the Notes.

Legality of purchase

None of the Issuer, the Agents or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available in relation to the tax treatment of financial instruments such as the Notes. Prospective investors are advised not to rely upon the tax overview contained in this Prospectus (including the Issue Specific Terms) but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only such adviser is in a position to duly consider the specific situation of the prospective investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus and the Issue Specific Terms.

The United Kingdom's impending departure from the European Union could adversely affect the Group

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("**Brexit**") and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. Negotiations are expected to commence to determine the future terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and the European Union. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. Brexit could adversely affect European or worldwide economic, market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the pound sterling or the euro. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Any of these effects of Brexit, and others which cannot be anticipated, could adversely affect the

business, results of operations, financial condition and cash flows of the Group, and could negatively impact the value of the Notes.

Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. If the Commission's Proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including:

- (a) by transacting with a person established in a participating Member State; or
- (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if it is adopted based on the Commission's Proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the Issuer's hedging arrangements or the purchase or sale of securities (such as charged assets). The Issuer is, in certain circumstances, able to pass on any such tax liabilities to holders of the Notes and therefore this may result in investors receiving less than expected in respect of the Notes. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains uncertain. Additional EU Member States may also decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act Withholding

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together, the **ICSDs**) (together, the **Applicable Clearing Systems**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs or Applicable Clearing Systems (see "Taxation—United States—Foreign Account Tax Compliance Act "). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be

made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository or common safekeeper for the ICSDs (as bearer or registered holder of the Notes) or the Applicable Clearing System and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and Applicable Clearing Systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an **IGA**) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

U.S. withholding tax

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Section 871(m) Regulations**") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to Section 871(m) Regulations (a "**Non-U.S. Holder**"), without regard to any applicable treaty rate, with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities ("**U.S. Underlying Equities**"). Specifically, and subject to the 2017 exemption set out in Notice 2016-76 (the "**Notice**"), Section 871(m) Regulations will generally apply to Notes the pricing date of which occurs from 1 January 2017 that substantially replicate the economic performance of one or more U.S. Underlying Equity(ies) as determined by the Issuer on the date for such Notes as of which the expected delta of the product is determined by the Issuer (such date being the "pricing date") based on tests in accordance with the applicable Section 871(m) Regulations (for the purposes of the Notice, such Notes are deemed "delta-one" instruments) (the "**Specified Notes**"). A Note linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Note will not be subject to withholding tax under Section 871(m) Regulations. In withholding this tax, the Issuer will regularly apply the general tax rate of 30% to the payments subject to U.S. provisions (or amounts deemed payments) without regard to any applicable treaty rate. Therefore, in such cases, an investor's individual tax situation will not be taken into account.

The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service (the **IRS**) in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.

Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of the Notes, but it is not binding on the United States Internal Revenue Service (the **IRS**) and the IRS may therefore disagree with the Issuer's determination.

The rules of Section 871(m) Regulations require complex calculations in respect of the instruments that include U.S. Underlying Equities and application of these rules to a specific issue of Notes may be uncertain. **Consequently the IRS may determine they are to be applied even if the Issuer initially assumed the rules would not apply. There is a risk in such case that Noteholders are subject to withholding tax ex post.**

There is also the risk that Section 871(m) Regulations will be applied to Notes that were not initially subject to such withholding tax. This case could arise in particular if the Notes' economic parameters change due to a modification of existing Notes after 1 January 2017 which substantially replicates the economic performance of one or more U.S. Underlying Equities causing the Notes to become Specified Notes. As neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Note, Noteholders will receive smaller payments in such case than they would have received without withholding tax being imposed.

Investors should consult their tax adviser regarding the potential application of Section 871(m) Regulations to their investment in the Notes.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

In the United States, passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (**Dodd- Frank Act**) in 2010 has led to significant structural reforms affecting the financial services industry, including non-U.S. banks. Among other things, the Dodd-Frank Act addresses systemic risk oversight, bank capital standards, the orderly liquidation of failing systemically significant financial institutions, over-the-counter derivatives and increases oversight of credit rating agencies. The Dodd-Frank Act also contains prohibitions, commonly called the “Volcker Rule,” which regulates the ability of banking entities to engage as principal in proprietary trading activities and sponsoring or investing in hedge, private equity or similar funds.

In particular, Title VII (**Title VII**) of the Dodd-Frank Act establishes a comprehensive U.S. regulatory regime for a broad range of derivatives contracts including swaps, security-based swaps and mixed swaps (collectively referred to in this risk factor as **Covered Swaps**). Among other things, Title VII provides the CFTC and the SEC with jurisdiction and regulatory authority over Covered Swaps, requires the establishment of a comprehensive registration and regulatory framework applicable to swap dealers and security-based swap dealers and other major market participants, requires the reporting of data on Covered Swaps, requires many types of covered swaps to be exchange-traded or executed on a swap execution facility or security-based swap execution facility, as applicable, and centrally cleared, will impose capital requirements and margin requirements for uncleared transactions in Covered Swaps.

Many of the key regulations implementing Title VII have recently become effective or are in final form. However, in some instances, the interpretation and potential impact of these regulations are not yet entirely clear and certain other key regulations are yet to be finalised. Once implemented, these new regulations could adversely affect the value, availability and performance of certain derivatives instruments and may result in additional costs and restrictions with respect to the use of those instruments. The use of derivative instruments by the Issuer may be subject to the clearing, capital, margin, business conduct, reporting and/or recordkeeping requirements of Title VII or other related regulatory reforms, that will may result in additional regulatory burdens and related costs and expenses.

In particular, any swaps entered into by the Issuer may include agreements that are regulated as covered swaps under Title VII, each of which may be subject to new clearing, execution, capital, margin posting, reporting and recordkeeping requirements under the Dodd-Frank Act that could result in additional regulatory burdens, costs and expenses (including extraordinary, non-recurring expenses of the Issuer). Such requirements may disrupt the Issuer’s ability to hedge their exposure to various transactions, and may materially and adversely impact a transaction’s value or the value of the Securities. While the Dodd-Frank Act provides for the grandfathering of certain swaps, such grandfathering may not apply to the transactions entered into by such Issuer or may only apply to certain transactions. Additionally, the Issuer cannot be certain as to how these regulatory developments will impact the treatment of the Notes.

Additionally, on October 21 and 22, 2014, the SEC, the U.S. Federal Deposit Insurance Corporation, the U.S. Federal Reserve and certain other U.S. prudential banking regulators approved a final rule that mandates risk retention for securitisations. The final rule requires that the sponsor maintain, unhedged, a minimum of 5% of the credit risk of the securitised assets unless the underlying exposures meet certain underwriting standards to be determined by regulation. The final rule became effective with respect to mortgage-backed securitisations on December 24, 2015 and with respect to other securitisations on December 24, 2016. The failure of the Group to effectively manage regulatory risks could have a material adverse effect on the Group’s business, financial condition and results of operations.

Although some of the required rules and regulations are still in proposed form, are yet to be proposed or are subject to extended transition periods, the majority of rules and regulations have been finalised and have resulted in, or will result in, additional costs and the imposition of certain limitations on the business activities of the Issuer. The recent change in administration in the United States adds to the uncertainty about the complete scope of the Dodd-Frank Act and other U.S. regulation, any changes to which could impact the business activities of the Issuer and/or the value or liquidity of a Note.

In addition, the Dodd-Frank Act, amending the CEA, expanded the definition of a “commodity pool” to include any form of enterprise operated for the purpose of trading in commodity interests, including swaps. The Issuer has imposed certain restrictions on sales in order to fall outside the scope of the CEA. However, if the Issuer were deemed to be a “commodity pool”, then both the “commodity pool operator” and the “commodity trading advisor” of the Issuer would be required to register as such with the CFTC and the National Futures Association. While there remain certain limited exemptions from registration, it is unclear whether and to what extent any of these exemptions would be available to avoid registration with respect to the Issuer. In addition, if the Issuer were deemed to be a “commodity pool”, it would have to comply with a number of reporting requirements that are designed to apply to traded commodity pools. It is presently unclear how the Issuer could comply with certain of these reporting requirements on an ongoing basis. Such registration and other requirements would involve material ongoing costs to the Issuer, thereby materially and adversely impacting a Note’s value.

In addition, other regulatory bodies have proposed or may propose in the future regulations (such as MiFID II as regards to which see below) similar to those required by the Dodd-Frank Act or other regulations containing other restrictions that could adversely impact the liquidity of and increase costs of entering into derivatives transaction.

If these regulations are adopted and/or implemented or other regulations are adopted in the future, they could have an adverse impact on the return on and value of the Notes. Furthermore, potential inconsistency between regulations issued by different regimes could lead to market fragmentation.

European Market Infrastructure Regulation and Markets in Financial Instruments Directive II

European Regulation 648/2012, known as the European Market Infrastructure Regulation (**EMIR**) entered into force on 16 August 2012 and took direct effect in the Member States of the European Union. Under EMIR certain over-the-counter (**OTC**) derivatives that are traded in the European Union by financial counterparties (**FCs**), such as investment firms, credit institutions and insurance companies, and certain non-financial counterparties (**NFCs**) have to be cleared (the **clearing obligation**) via an authorised central clearing counterparty (a **CCP**). In addition, EMIR requires the reporting of OTC derivative contracts to a trade repository (the **reporting obligation**) and introduces certain risk mitigation requirements in relation to OTC derivative contracts that are not cleared by a CCP.

Under EMIR, a CCP will be used to meet the clearing obligation by interposing itself between the counterparties to the eligible derivative contracts. CCPs will connect with derivative counterparties through their clearing members. Each derivative counterparty which is required to clear OTC derivative contracts will be required to post both initial and variation margin to the clearing member, which will in turn be required to post margin to the CCP. EMIR requires CCPs to only accept highly liquid collateral with minimal credit and market risk. Where an NFC which enters into an OTC derivative contract which is not “eligible” for clearing, it will have to ensure that appropriate procedures and arrangements are in place to monitor and minimise operational and credit risk.

The Issuer may have to apply certain risk mitigation techniques in relation to timely confirmation, portfolio reconciliation and compression, and dispute resolution that are applicable to OTC derivatives contracts that are not cleared by a CCP. Further, the Issuer is required to deliver certain information about any OTC derivative contract EMIR also imposes a record-keeping requirement pursuant to which counterparties must keep records of any derivative contract they have concluded and any modification for at least five years following the termination of the contract.

Following the entry into force of the Commission Delegated Regulation 2016/2251 supplementing EMIR with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty (the **Margin RTS**), FCs and certain NFCs have an obligation to protect themselves against credit exposures to derivatives counterparties by collecting margins where those contracts are not cleared by a CCP. This Margin RTS lays out the standards for the timely, accurate and appropriately segregated exchange of collateral. These requirements to post and / or collect variation margin have become applicable to FCs and certain NFCs on 4 February 2017 or 1 March 2017 (depending on the aggregated gross notional amount of outstanding derivative contracts of the group to which the counterparties belong) and the requirements to post and / or collect initial margin enter into force at a date determined in accordance with the Margin RTS from 4 February 2017 to 1 September 2020 (depending on the aggregated gross notional amount of outstanding derivative contracts of the group to which the counterparties belong).

The EU regulatory framework relating to derivatives is set not only by EMIR but also by the amending Directive to the existing Markets in Financial Instruments Directive published in the Official Journal on 12 June 2014 (**MiFID II**). Member States were required to implement national legislation giving effect to MiFID II within 24 months after the entry into force of MiFID II (i.e. June 2016) which national legislation should have applied within 30 months after the entry into force of MiFID II (January 2017). The European Commission has however extended by one year the application date for MiFID II with an entry into force to take place on 3 January 2018 in all Member States. In particular, MiFID II is expected to require all transactions in OTC derivatives to be executed on a trading venue. In this respect, it is difficult to predict the full impact of these regulatory requirements on the Issuer.

Investors should be aware that the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in transactions in OTC derivatives. As a result of such increased costs or increased regulatory requirements, investors may receive lower returns. Investors should be aware that such risks are material and that the Issuer could be materially and adversely affected thereby. The full impact of EMIR and of MiFID II remains to be clarified and the scope of their possible implications of for investors in the Notes cannot currently be predicted. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR and MiFID II and technical implementation in making any investment decision in respect of the Notes.

EU Resolution and Recovery Directive

The Directive 2014/59/EU of the European Parliament and of the Council of the European Union established an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**").

The stated aim of the BRRD and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of the European Union of 15 July 2014 (the "**SRM Regulation**") is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimizing the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses). Under the SRM Regulation a centralized power of resolution is established and entrusted to the Single Resolution Board (the "**SRB**") and to the national resolution authorities.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include writedown/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including liabilities such as the Deposit Agreement) absorb losses of the issuing institution under resolution in accordance with a set order of priority (the "**Bail-in Tool**").

The Deposit Counterparty, as a financial institution, shall be in the scope of the BRRD, and consequently the Deposit Agreement may be impacted by bail-in resolutions decided by any relevant authority towards the Deposit Counterparty. Consequently, the Bail-in Tool could result in the full (i.e., to zero) or partial write-down or conversion into ordinary shares or other instruments of ownership of amounts due under the Deposit Agreement, or the variation of the terms of the Deposit Agreement (for example, the amount payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolutions measures, including the Bail-in Tool. In addition, if the Deposit Bank's financial condition deteriorates, the existence of the Bail-in Tool could cause the market price or value of the Notes to decline more rapidly than would be the case in the absence of such power.

In addition to the Bail-in Tool, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

The application of any resolution measure under the BRRD or any suggestion of such application with respect to the Deposit Counterparty could:

- (i) materially adversely affect the rights of the Issuer as depositor, and consequently the price or value of the Noteholders' investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes;
- (ii) lead to the Notes being redeemed after the Scheduled Maturity Date; and/or
- (iii) have a negative effect on the liquidity of the Notes, and even render the Notes entirely illiquid, which may make it impossible to sell the Notes and result in the partial or total loss of the invested amount.

Transfer Restrictions

The Notes are Permanently Restricted Notes. The Notes, or any interest therein, may not be offered, sold, unsold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person. Such restrictions on transfer may limit the liquidity of such Notes. Consequently, a Purchaser must be prepared to hold such Notes for an indefinite period of time and potentially until their maturity.

Any sale or transfer of Notes in the United States or to, or for the account or benefit of, U.S. Persons in violation of such transfer restrictions or any sale or transfer of the Notes that would cause the Issuer or any Compartment to become required to register as an investment company under the Investment Company Act will be void *ab initio* and will not be honoured by the Issuer, except to the extent otherwise required by law. In addition, the Issuer may redeem the Notes held by such Purchaser or other transferee or compel any such Purchaser or other transferee to transfer such Notes. Any such redemption or forced transfer may result in a significant loss of a Noteholder's investment.

Investment Company Act

The Issuer has not registered with the United States Securities and Exchange Commission (the "**SEC**") as an investment company pursuant to the Investment Company Act. Investors in the Notes will not have the protections of the Investment Company Act.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act, has failed, to register as an investment company, possible

consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in, or whose performance involves, a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

C.2 Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk

Reliance on Euroclear and Clearstream, Luxembourg procedures

Notes will be represented on issue by a Global Note(s) deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each as defined under "*Form of the Notes*"). Except in the circumstances described in the Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Note(s), the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The secondary market generally

No application has been made to list the Notes on any stock exchange. Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt

securities. Illiquidity may have a severely adverse effect on the market value of Notes.

D. Risk Factors associated with the Notes being linked to the Index

The performance of the Notes is linked to the Index and therefore investors should be aware of the following risk factors:

General

Investments in securities where payment is dependent in part upon the level of an index, such as the Notes, entail significant risks and may not be appropriate for investors lacking financial expertise. The return of the Notes is partly based on the performance of an equity index (the "**Index Reference Asset**") which value fluctuates. Changes in the value of the Index Reference Asset cannot be predicted. Although historical data with respect to the Index Reference Asset is available, the historical performance of the Index Reference Asset should not be taken as an indication of future performance.

As a result, potential investors should be aware that:

- (a) the market price of their Notes may be volatile; and
- (b) the Index Reference Asset may be subject to significant fluctuations that may not correlate with changes in other indices.

Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in the Notes and the suitability of the Notes in light of its particular circumstances.

Return does not reflect dividends

Depending upon the calculation methodology of an index, where the performance of an index is taken into account in order to calculate payments due under the Notes the payment of income (such as dividends for an index that has stocks as underlyings) may not be reflected as the index may be calculated by reference to the prices of the underlyings comprising the index without taking into consideration the value of any income paid on those underlying assets. Therefore, the yield to maturity of the Notes may not be the same as the yield that would be produced if such underlying assets were purchased and held for a similar period.

Specific risks relating to indices

Notes based on an index are subject to risks broadly similar to those attending any investment in a broadly-based portfolio of assets including, without limitation, the risk that the general level of prices for such assets may decline. The following is a list of some of the significant risks associated with an index:

- historical performance of the index does not indicate the future performance of the index. It is impossible to predict whether the value of the index will fall or rise during the term of the Notes; and
- if the index comprises underlying stocks, the trading prices of the stocks underlying the index will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of any asset related to the index and, in turn, the return on the Notes.

The policies of the sponsor of an index (including a sponsor that is affiliated with Societe Generale) concerning additions, deletions and substitutions of the assets underlying the index and the manner in which the index sponsor takes account of certain changes affecting such underlying assets may affect the value of the index. The policies of an index sponsor with respect to the calculation of an index

could also affect the value of the index. An index sponsor may discontinue or suspend calculation or dissemination of information relating to its index. Any such actions could affect the value of the Notes.

See the section in the Supplemented Base Prospectus headed "Equity Technical Annex" and Part 3 of the "Schedule for Index Linked Notes" hereto for more details.

Benchmark Regulation

The Regulation (EU) 2016/2011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the **Benchmark Regulation**) was published in the Official Journal of the European Union on 29 June 2016 and entered into force on 30 June 2016. It applies across the European Union from 1 January 2018, with the exception of certain provisions (specified in article 59) that began to apply from 30 June 2016 and certain provisions which amend Regulation (EU) No 596/2014 on market abuse (the **Market Abuse Regulation**) and therefore became effective on the date of entry into force of the Market Abuse Regulation, 3 July 2016.

The purpose of the Benchmark Regulation is to regulate the risk of manipulating the value of indices and to reduce the risk of conflicts of interests arising. It aims at improving the quality (integrity and accuracy) of the input data and the transparency of the methodologies used by administrators and at improving governance and controls of both administrators' and contributors' activities.

The Benchmark Regulation will apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised or registered by the competent authority (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Benchmark Regulation is wide and will apply to many interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue or via a systematic internaliser, financial contracts and investment funds.

In order to provide a proportionate response to the risks that different benchmarks pose, the Benchmark Regulation distinguishes different types of "benchmark" depending on quantitative and qualitative criteria and subjects these different types of benchmarks to more or less stringent requirements.

The Benchmark Regulation could have a material impact on any Notes traded on a trading venue or via a "systematic internaliser" linked to a "benchmark" index, including in any of the following circumstances:

- an index which is a "benchmark" could not be used as such if its administrator does not obtain the required authorisation, registration or if it is based in a non-EU jurisdiction, the equivalence conditions or recognitions and the Notes could be adjusted, redeemed prior to maturity or otherwise impacted in accordance with the applicable Terms and Conditions of the Notes; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the level or affecting the volatility of the published level, and could lead to adjustments pursuant to the Terms and Conditions of the Notes.

The Benchmark Regulation (and further guidance in relation to it) could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustments to the Notes in accordance with the Terms and Conditions of the Notes, including early redemption of the Notes. Any such consequence, could have a material adverse effect on the value of and return on the Notes.

Claims against the Index

The Notes do not represent a claim against the Index, to which the redemption amount of the Notes is in part linked, (or any issuer, sponsor, manager or other connected person in respect of the Index) and Noteholders will not have any right of recourse under the Notes to the Index (or any issuer, sponsor, manager or other connected person in respect of the Index). The Notes are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of the Index and such entities have no obligation to take into account the consequences of their actions on any Noteholders.

In addition, indices may be subject to management fees and other fees as well as charges that are payable to the index sponsor(s) and which can reduce amounts payable to Noteholders. Such fees may be paid to index sponsors that are affiliates of Societe Generale.

Investors' yield may be lower than the yield on a standard debt security of comparable maturity

Unlike conventional fixed rate or floating rate debt securities, the Notes do not provide investors with periodic payments of interest. Further, to the extent that any amount payable under the Notes (including, without limitation, the Final Redemption Amount or Early Redemption Amount of the relevant Notes) is partly calculated by reference to the performance of the Index Reference Asset (please refer to the Performance Component), the effective yield to maturity of the Notes may be less than that which would be payable on a conventional fixed rate or floating rate debt security. The return of only the relevant Performance Component of each Note may not compensate the holder for any opportunity cost implied by inflation and other factors relating to the value of money over time.

Adjustment or substitution to the Index

The Calculation Agent may, in certain circumstances, proceed to adjustments or substitutions it determines appropriate to the terms of the Notes in particular upon the occurrence of events affecting the Index Reference Asset. The Calculation Agent could even notify the Issuer that it has not determined any appropriate adjustment or substitution. In such a circumstance, the Notes will not be early redeemed however the Swap Agreement will be early terminated and the Final Redemption Amount due on the Scheduled Maturity Date will be replaced by the Modified Redemption Amount. In the absence of manifest or proven error, these adjustments, or substitutions will be binding upon the Issuer, the Swap Counterparty, the Agents and the Noteholders. Such action may have an adverse effect on the value and liquidity of the Notes and on the expected return on the Notes.

E. Risks relating to the market value of the Notes

The market value of the Notes will be affected by the creditworthiness of the Deposit Counterparty and a number of additional factors, including the market interest and yield rates and the time remaining to the maturity date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France, Luxembourg, Belgium and elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

F. Risks relating to the Deposit Counterparty

Like other banks, Banque Nagelmackers S.A. faces financial risk in the conduct of its business, such as credit risk, operational risk and market risk (including liquidity risk).

Credit risk

Banque Nagelmackers S.A. is exposed to the same credit risks as in traditional lending activities. As a credit institution, Banque Nagelmackers S.A. is exposed to the creditworthiness of its customers and counterparties. Banque Nagelmackers S.A. may suffer losses related to the inability of its customers or other counterparties to meet their financial obligations. Banque Nagelmackers S.A. cannot assume that its level of provisions will be adequate or that it will not have to make significant additional provisions for possible bad and doubtful debts in future periods. However, Banque Nagelmackers S.A. is applying a strict and prudent risk management and is implementing bank-wide risk assessment methods for each of the bank's activities.

Banque Nagelmackers S.A. takes a particular attention to the credit quality of its loan portfolio, as well as its investment portfolio. Its credit policy aim to efficiently select lending customers in order to reduce the risk of insolvency, diversify portfolios. Overall, the Risk Management department is in charge of the monitoring of the credit and counterparty risk borne by the bank.

Market risk

Market risks are all the risks linked to the fluctuations of market prices, including, principally, exposure to loss arising from adverse movements in interest rates stemming from Banque Nagelmackers S.A.'s activities, such as commercial loan and mortgages.

Various factors such as the duration mismatch between its assets and its liabilities (inherent to a traditional retail banking activity) and the early redemption options embedded in mortgages are among the sources of interest rate risks.

The Market and interest rate risks are monitored and handled by the ALM and Treasury department who in particular implements various hedging strategies to adapt the loan portfolio to the different source of risks.

Operational risk

Banque Nagelmackers S.A. is exposed to the operational risk in the same way as any other banking institution. Operational risk comprises the exposure to loss from inadequate or failed internal processes, breakdowns in internal procedures or deliberate, unintentional or natural external events, risk relating to the security of information systems, litigation risk and reputational risk.

Banque Nagelmackers S.A.'s operational risk management framework, is responsible for, inter alia, coordinating the collection of risk event data and risk and control self-assessment within its different activities, defining methodological principles, selecting adequate tools and ensuring global consistency.

Liquidity risk

The objective of liquidity management is to ensure that, at all times, Banque Nagelmackers S.A. holds sufficient funds to meet its contractual obligations and contingent commitments to customers and counterparties, as they become due.

Due to its retail oriented activities, Banque Nagelmackers S.A. benefits of quite stable source of funding through customer deposits and is less reliant on markets to finance its activities.

Topics regarding liquidity risk are handled ALM & Treasury and Risk Management departments on an on-going basis, with the supervision of the Management Committee.

Banque Nagelmackers S.A. has put in place policies, in line with the supervisory regulations, to prevent and manage liquidity risk, which include a contingency funding plan to manage possible liquidity crises, while addressing the respect of regulatory minimum regulatory ratio, such as the Liquidity Coverage Ratio.

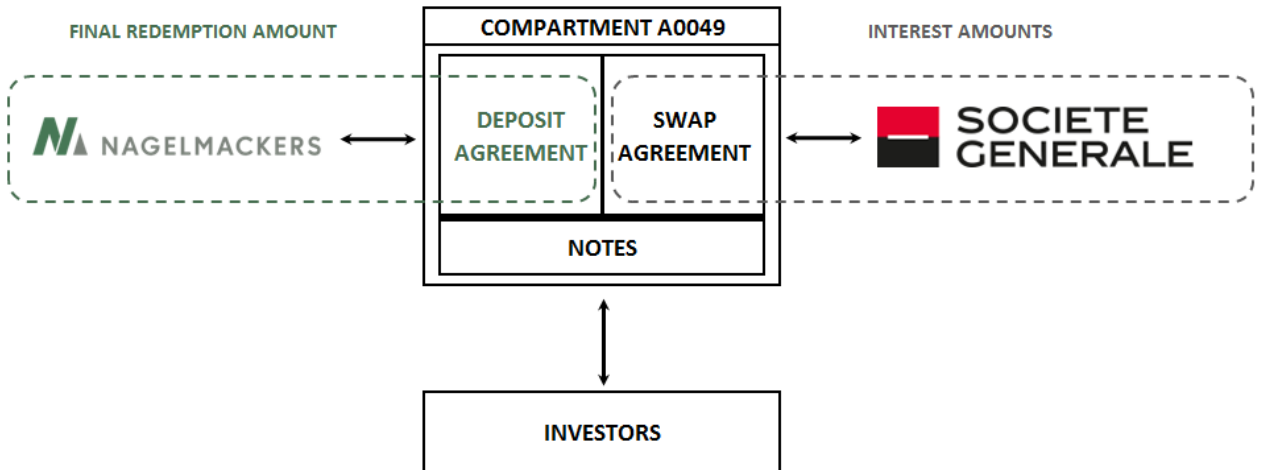
Risk Management

Monitoring of the risks relating to Banque Nagelmackers S.A. and its operations and the banking industry is performed jointly by the appropriate committees, the ALM & Treasury and Risk Management departments, with the help of tools and information systems established and developed in compliance with appropriate internal guidelines and all legal and regulatory constraints.

OVERVIEW OF THE TRANSACTION

This overview must be read as an introduction to the Prospectus and any decision to invest in any Notes should be based on a consideration of the Prospectus as a whole.

The expected cash flows under the Deposit Agreement and the Swap Agreement, as set out in paragraph 44 (xv) of the Issue Specific Terms, are summarised in the diagram set out below:



TERMS AND CONDITIONS OF THE OFFER

1. CONSENT GIVEN IN ACCORDANCE WITH ARTICLE 3.2 OF THE PROSPECTUS DIRECTIVE

In the context of any offer of Notes that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a "**Non-exempt Offer**"), the Issuer accepts responsibility in Belgium (the "**Public Offer Jurisdiction**") for which it has given its consent to the offer of Notes, for the content of this Prospectus in relation to any person (an "**Investor**") to whom any offer of Notes is made by any financial intermediary to whom the Issuer has given its consent to use this Prospectus (an "**Authorised Offeror**"), where the offer is made during the Offer Period in the Public Offer Jurisdiction for which the consent was given and is in compliance with all other conditions attached to the giving of the consent.

None of the Issuer or the Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or the Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Furthermore, none of the Issuer or the Dealer has any responsibility for any of the actions of any Authorised Offeror, including the non-compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

Neither the Issuer nor the Dealer authorises the use of this Prospectus in the case of a Non-exempt Offer of Notes in a Member State other than the Public Offer Jurisdiction or in the Public Offer Jurisdiction but made by a financial intermediary to which the Issuer has not given its consent. Such unauthorised Non-Exempt Offers are not made by or on behalf the Issuer or the Dealer and neither the Issuer nor the Dealer accepts any responsibility for the actions of any person making such offers and the related consequences.

Save as provided above, neither the Issuer nor the Dealer authorises that any Non-exempt Offers of Notes may be made in circumstances which make the Issuer to publish a prospectus or a supplement to this Prospectus.

If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Prospectus for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

2. TYPE OF CONSENT: INDIVIDUAL CONSENT

Subject to the conditions set out below under "Conditions to consent", the Issuer consents to the use of this Prospectus by Banque Nagelmackers S.A. of Avenue de l'Astronomie 23, 1210 Brussels, Belgium (the "**Initial Authorised Offeror**").

The Initial Authorised Offeror is the only party authorised to use this Prospectus in connection with the offer of the Notes. The Issuer will not give its consent to use this Prospectus to any additional Authorised Offeror.

3. CONDITIONS TO CONSENT

The consent by the Issuer to the use of this Prospectus in the context of the offer of the Notes are that such consent:

- (a) is only valid during the Offer Period specified in this Prospectus; and

(b) only extends to the use of this Prospectus to make an offer of the Notes in Belgium.

4. ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements (the "**Terms and Conditions of the Non-exempt Offer**"). The Issuer will not be a party to any such arrangements with Investors (other than the Dealer) in connection with the offer or sale of the relevant Notes and, accordingly, this Prospectus will not contain such information.

The information relating to the Terms and Conditions of the Non-exempt Offer shall be provided to the Investors by the Authorised Offeror at the time such Non-exempt Offer is made. None of the Issuer or any Dealer (except where such Dealer is the relevant Authorised Offeror) has any responsibility or liability to an Investor in respect of such information.

Information on the terms and conditions of the offer is set out below (terms not otherwise defined below are as defined in the Issue Specific Terms):

Offer Period: 19 July 2017 to 26 September 2017 (both inclusive) (the "**Offer Period**").

Offer Price: Each Note will be offered at a price equal to 100% of its specified denomination (the "**Issue Price**") increased by a subscription fee as specified below, Such subscription fee shall be retained by the Authorised Offeror.

Conditions to which the offer is subject: Offer of the Notes are conditional on their issue and on any additional conditions set out in the standard terms of business of the Authorised Offeror, notified to Investors by the Authorised Offeror.

The Issuer reserves the right to withdraw the offer of the Notes at any time on or prior to the Issue Date. For the avoidance of doubt, if any application has been made by a potential Investor and the Issuer exercises such right to withdraw the offer of Notes, each such potential Investor shall not be entitled to subscribe to or otherwise acquire Notes.

Description of the application process: Applications to subscribe for the Notes can be made in Belgium by contacting the Authorised Offeror or one of its agents.

Prospective Investors will not be required to enter into any contractual arrangements directly with the Issuer in relation to the subscription for the Notes.

Details of the minimum and/or maximum amount of application: Minimum application: 1 Note.
Maximum purchase of Notes: 30,000 Notes.
There are no pre-identified allotment criteria. The Issuer has been informed that the Authorised Offeror will adopt allotment criteria that ensure

	equal treatment of prospective Investors. All of the Notes requested through the Authorised Offeror during the Offer Period will be assigned up to the maximum amount of the offer.
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not Applicable. If, during the Offer Period, applications to subscribe for the Notes exceed the total amount of the offer, the Offer Period will end early and acceptance of further applications will be immediately suspended.
Details of the method and time limits for paying up and delivering the Notes:	The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys on the same date. The settlement and delivery of the Notes will be executed through the Dealer. The Notes will then be cleared through the clearing systems and are due to be delivered through the Authorised Offeror on or about the Issue Date.
Manner in and date on which results of the offer are to be made public:	The results of the offer will be made public on the website of the Issuer on http://prospectus.socgen.com , and through a notice published on the website of the Authorised Offeror (www.nagelmackers.be) within 5 business days following the end of the Offer Period.
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable.
Categories of potential Investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	Offers may be made by the Authorised Offeror in Belgium (the " Public Offer Jurisdiction ") to retail clients and private banking clients. In other European Economic Area countries, offers will only be made by the Authorised Offeror pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Each Investor will be notified by the Authorised Offeror of its allocation of Notes after the end of the Offer Period. Neither the Issuer nor Societe Generale is responsible for such notification. Notification will be made by the Authorised Offeror. No dealing in the Notes on a regulated market for the purposes of the MiFID Directive 2004/39/EC may take place prior to the Issue Date.
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Taxes charged in connection with the subscription, transfer, purchase or holding of the

Notes must be paid by a potential Investor/subscriber or an existing Noteholder (as the case may be). Neither the Issuer nor the Dealer shall have any obligation in relation thereto.

In that respect, a potential Investor/subscriber shall consult professional tax advisers to determine the tax regime applicable to their own situation and may also consult the “*Taxation*” section of this Prospectus.

The Offer Price corresponds to (i) the Issue Price, which shall embed a maximum annual distribution commission of 1.00% per cent and a partnership fee payable to the Authorised Offeror and (ii) a subscription fee of up to 2 per cent. of the specified denomination depending on the number of Notes to be purchased by the potential investor. Such subscription fee shall be directly retained by the Authorised Offeror.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

- (i) the base prospectus relating to the Programme dated 20 June 2012 (the "**Base Prospectus**"), the first supplement dated 29 June 2012 (the "**First Supplement**") and the second supplement dated 16 August 2012 (the "**Second Supplement**") (the "**Supplemented Base Prospectus**").

For the avoidance of doubt, the third supplement dated 23 October 2012 (the "**Third Supplement**"), the fourth supplement dated 16 November 2012 (the "**Fourth Supplement**"), the fifth supplement dated 7 December 2012 (the "**Fifth Supplement**"), the sixth supplement dated 14 December 2012 (the "**Sixth Supplement**"), the seventh supplement dated 17 December 2012 (the "**Seventh Supplement**"), the eighth supplement dated 18 February 2013 (the "**Eighth Supplement**"), the ninth supplement dated 18 March 2013 (the "**Ninth Supplement**") and the tenth supplement dated 21 May 2013 (the "**Tenth Supplement**") to the abovementioned base prospectus relating to the Programme, which are not referred to in paragraph (i) above, are not incorporated by reference into this Prospectus as it is considered that the information contained in such supplements is not relevant to this issuance;

- (ii) the annual accounts and report of the approved independent auditor of Codeis Securities SA (*société anonyme*) for the financial year ended 31 December 2015 (the "**Issuer's 2015 Audited Financial Statements**") and the annual accounts and report of the independent statutory auditor of Codeis Securities SA (*société anonyme*) for the financial year ended 31 December 2016 (the "**Issuer's 2016 Audited Financial Statements**" and, together with the Issuer's 2015 Audited Financial Statements, the "**Issuer's Annual Financial Statements**");
- (iii) the english translation of the consolidated annual report of Banque Nagelmackers (ex-Delta Lloyd Bank S.A.) for the financial year ending 2015 (the "**2015 Nagelmackers Consolidated Annual Report**"). The original dutch version of this document is available on the following website of the National Bank of Belgium: <http://cri.nbb.be/bc9/web/catalog?execution=e1s1>. The information contained on such website does not form part of this Prospectus;
- (iv) the french translation of the independent auditor report in respect of Banque Nagelmackers (ex-Delta Lloyd Bank S.A.) consolidated financial statements for the financial year ending 2015 (the "**2015 Nagelmackers Auditor Report**") and the english translation of the independent auditor report in respect of Banque Nagelmackers (ex-Delta Lloyd Bank S.A.) consolidated financial statements for the financial year ending 2016 (the "**2016 Nagelmackers Auditor Report**"). The original dutch version of this document is available on the following website of the National Bank of Belgium: <http://cri.nbb.be/bc9/web/catalog?execution=e1s1>. The information contained on such website does not form part of this Prospectus;

save that to the extent that there is any inconsistency between (a) any statement in, or incorporated by reference in, this Prospectus by the documents listed above and (b) any other statement in, or incorporated by reference in, this Prospectus, the statements in (a) above will prevail.

CROSS-REFERENCE LISTS TO DOCUMENTS INCORPORATED BY REFERENCE

**CROSS REFERENCE LIST RELATING TO ANNUAL FINANCIAL STATEMENTS OF
CODEIS SECURITIES SA**

Codeis Securities SA audited annual financial statements for the financial years ended 31 December 2015 and 31 December 2016, the related notes and the independent auditor's reports	Issuer's 2015 Audited Financial Statements	Issuer's 2016 Audited Financial Statements
Balance sheet relating to Codeis Securities SA	14; 16	14 ;16
Profit and loss account relating to Codeis Securities SA	15; 17	15 ;17
Balance sheet relating to the Compartments of Codeis Securities SA	18; 20; 22; 24; 26; 28; 31; 35; 37; 39; 41; 43; 45; 47; 49; 51; 53; 55; 57; 59; 61; 63; 65; 67; 69; 71; 73; 75; 78; 80; 82; 84; 86; 88; 90; 93; 95; 97; 99; 101; 103; 105	18; 20; 22; 24; 26; 28; 30; 32; 34; 36; 38; 40; 42; 44; 46; 48; 50; 52; 54; 56; 58; 60; 62; 64; 66; 68; 70; 72; 74; 76; 78; 80; 82; 84; 86; 88; 90; 92; 94; 96; 98; 100; 102; 104; 106; 108; 110
Profit and loss account relating to the Compartments of Codeis Securities SA	19; 21; 23; 25; 27; 29; 30; 32; 33; 34; 36; 38; 40; 42; 44; 46; 48; 50; 52; 54; 56; 58; 60; 62; 64; 66; 68; 70; 72; 74; 76; 77; 79; 81; 83; 85; 87; 89; 91; 92; 94; 96; 98; 100; 102; 104; 106	19; 21; 23; 25; 27; 29; 31; 33; 35; 37; 39; 41; 43; 45; 47; 49; 51; 53; 55; 57; 59; 61; 63; 65; 67; 69; 71; 73; 75; 77; 79; 81; 83; 85; 87; 89; 91; 93; 95; 97; 99; 101; 103; 105; 107; 109; 111
Notes to the annual accounts	107 to 147	112 to 172
Independent auditor's report	12 to 13	12 to 13

CROSS-REFERENCE LIST RELATING TO THE SUPPLEMENTED BASE PROSPECTUS

Brief description of the group and of the Issuer's position within it.	Pages 1 - 2 of the Base Prospectus under the heading "Summary of the Programme"
General description of the Programme	Pages 16 to 20 of the Base Prospectus
Terms and Conditions of the Notes	Pages 132 to 205 of the Base Prospectus Pages 3 to 6 of the First Supplement Page 3 of the Second Supplement
Equity Technical Annex	Pages 209 to 235 of the Base Prospectus Page 3 of the Second Supplement
Book Entry Clearance Systems	Pages 349 to 353 of the Base Prospectus

Subscription, Sale and Transfer Restrictions	Pages 388 to 395, 396 to 400 of the Base Prospectus
Introductory Paragraphs (including Transfer Restrictions Applicable to Registered Notes (other than Non-U.S. Registered Notes and Transfer Restrictions Applicable to Non-U.S. Registered Notes))	Page 388 to 394 of the Base Prospectus
Selling Restrictions: Jurisdictions outside the European Economic Area	Pages 394 to 395 of the Base Prospectus
Selling Restrictions: Jurisdictions within the European Economic Area: European Economic Area: Public Offer Selling Restriction under the Prospectus Directive	Page 396 of the Base Prospectus
Selling Restrictions: Jurisdictions within the European Economic Area: Belgium	Page 397 of the Base Prospectus
Selling Restrictions: Jurisdictions within the European Economic Area: The Grand Duchy of Luxembourg	Pages 398 to 399 of the Base Prospectus
Selling Restrictions: Jurisdictions within the European Economic Area: General	Page 400 of the Base Prospectus

**CROSS REFERENCE LIST RELATING TO THE 2015 FINANCIAL STATEMENTS OF
BANQUE NAGELMACKERS SA**

Banque Nagelmackers SA audited annual financial statements for the financial year ended 31 December 2015 and the related notes	2015 Nagelmackers Consolidated Annual Report
Balance sheet relating to Banque Nagelmackers SA	18; 19
Profit and loss account relating to Banque Nagelmackers SA	16; 17
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**CROSS REFERENCE LIST RELATING TO THE 2015 AND 2016 REPORT OF THE AUDITORS IN
RESPECT OF THE ANNUAL FINANCIAL STATEMENTS OF BANQUE NAGELMACKERS SA**

Auditors Report in respect of the Banque Nagelmackers SA Financial Statements for the financial years ended 31 December 2015 and 2016	2015 Nagelmackers Auditor Report	2016 Nagelmackers Auditor Report

Historical financial information has been audited	1; 2	1; 2
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The information incorporated by reference that is not included in the cross-reference lists, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004

For the avoidance of doubt, the documents incorporated by reference in the Supplemented Base Prospectus, the Issuer's Annual Financial Statements, the 2015 Nagelmackers Consolidated Annual Report, the 2015 Nagelmackers Auditor Report and the 2016 Nagelmackers Auditor Report are not incorporated by reference into this Prospectus.

The documents incorporated by reference herein can be obtained from the specified office of the Issuing and Paying Agent (defined below), at the address given at the end of this Prospectus and are also available on the Luxembourg Stock Exchange website at www.bourse.lu.

Following the publication of this Prospectus, the Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus (a "**Supplement**") in accordance with Article 16 of the Prospectus Directive or publish a new prospectus for use in connection with any subsequent issue of Notes. Such Supplement as prepared will have to be approved by the CSSF. Statements contained in any such Supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

In accordance with Article 16.2 of the Prospectus Directive, investors who have already agreed to purchase or subscribe for Notes before any Supplement is published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances. Investors should be aware, however, that the law of the jurisdiction in which they have accepted an offer of Notes may provide for a longer time limit.

ISSUE SPECIFIC TERMS

Together with the terms and conditions contained in Codeis Securities SA's Base Prospectus dated 20 June 2012 as supplemented pursuant to the first supplement dated 29 June 2012 and the second supplement dated 16 August 2012 (the "**Base Prospectus**") (including the Equity Technical Annex (other than Part 2 II "*Adjustment and Events relating to Indices*" and Part 2 V "*Hedging Disruption, Increased Cost of Hedging, Insolvency Filing and consequences – Change in Law and consequences*" which are as amended by Part 3 of the Schedule for Index Linked Notes hereto) which applies to the Notes), which are incorporated by reference herein, this Part A of the following issue specific terms (the "**Issue Specific Terms**") completes the Terms and Conditions of the Notes. Part B of the Issue Specific Terms contains other information in relation to the Notes and the issue thereof.

Terms used in the Issue Specific Terms shall be deemed to be defined as such for the purposes of the Conditions set forth under the heading "Terms and Conditions of the Notes" in the Base Prospectus provided that (i) any reference in such "Terms and Conditions" to the "Final Terms" shall be deemed to be a reference to these "Issue Specific Terms" and (ii) any references to the "Equity Technical Annex", shall be deemed to be a reference to the "Equity Technical Annex" as amended by Part 3 of the Schedule for Index Linked Notes hereto. In the event of any inconsistency between either the Terms and Conditions of the Notes or the Equity Technical Annex and the Issue Specific Terms, the Issue Specific Terms shall prevail.

By subscribing to, or otherwise acquiring, the Notes, a holder of Notes expressly acknowledges and agrees that:

- (i) the Issuer (i) is subject to the Securitisation Act 2004 and (ii) in connection with the Notes has created a specific Compartment, which Compartment shall be identified by the number ascribed to it below and is a Category A Compartment within the meaning of article 62 of the Securitisation Act 2004 to which all assets, rights, claims and agreements relating to the Notes will be allocated, subject as provided in the Issue Specific Terms;
- (ii) the provisions with respect to the Order of Priority included in the Issue Specific Terms will apply;
- (iii) in the event of any Note Acceleration and enforcement of the applicable Security, its recourse shall be limited to the Charged Assets described in the Issue Specific Terms and the Issue Specific Terms applicable to each other Series of Related Notes and not to the assets allocated to other Compartments created by the Issuer or to any other assets of the Issuer which are outside of a Compartment;
- (iv) once all moneys received by the Trustee in connection with the enforcement of the Security over the Charged Assets have been applied in accordance with the Order of Priority set out herein and in the Trust Deed, it is not entitled to take any further steps against the Issuer to recover any further sums due and the right to receive any such sum shall be extinguished;
- (v) it shall have no right to attach or otherwise seize the Charged Assets, or any other assets of the Issuer, including, without limitation, any assets allocated to any other Compartments of the Issuer; and
- (vi) no holder of Notes shall be entitled to petition or take any other step for the liquidation, winding-up or the bankruptcy of the Issuer or any similar proceedings.

U.S. Treasury regulations issued under Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Section 871(m) Regulations**") generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to Section 871(m) Regulations (a "**Non-U.S. Holder**"), without regard to any applicable treaty rate, with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities ("**U.S. Underlying Equities**"). Specifically, and subject to the 2017 exemption set out in Notice 2016-76 (the "**Notice**"), Section 871(m) Regulations will generally apply to Notes the pricing date of which occurs from 1 January 2017 that substantially replicate the economic performance of one or more U.S. Underlying Equities as determined by the Issuer on the date for such Notes as of which the expected delta of the product is determined by the Issuer (such date being the "pricing date") based on tests in accordance with the applicable Section 871(m) Regulations (for

the purposes of the Notice, such Notes are deemed “delta-one” instruments) (the "**Specified Notes**"). A Note linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Note will not be subject to withholding tax under Section 871(m) Regulations. Investors are advised that the Issuer's determination is binding on all Non-U.S. Holders of the Notes, but it is not binding on the United States Internal Revenue Service (the "**IRS**") and the IRS may therefore disagree with the Issuer's determination.

The Issue Specific Terms will specify if the Notes are Specified Notes, and, if so, whether the Issuer or its withholding agent will withhold tax under Section 871(m) Regulations and the rate of the withholding tax. Investors should note that if the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Note. Investors should consult their tax adviser regarding the potential application of Section 871(m) Regulations to their investment in the Notes.

ISSUE SPECIFIC TERMS

PART A – TERMS OF THE NOTES

1. (i) Issuer: Codeis Securities SA, a regulated securitisation undertaking within the meaning of the Securitisation Act 2004.
- (ii) Guaranteed Notes: No.
- (iii) Guarantor: Not Applicable.
2. (i) Series Number: 22/17.10/A0049
- (ii) Tranche Number: 1
3. Specified Currency or Currencies: EUR
4. Aggregate Nominal Amount: The Aggregate Nominal Amount of this Series, which shall be an amount up to EUR30,000,000 of Notes will be determined on the basis of the Aggregate Nominal Amount effectively placed through the Authorised Offeror. The Aggregate Nominal Amount shall be determined and notified by the Calculation Agent on the third Business Day prior to the Issue Date (the "**Trade Date**").
- (iii) Tranche: Up to EUR30,000,000.
- (iv) Series: Up to EUR30,000,000.
5. Issue Price: 100% of the Aggregate Nominal Amount (expressed as a percentage).
6. Specified Denomination(s): EUR1,000.
7. (i) Issue Date : 03/10/2017 (DD/MM/YYYY)
- (ii) Interest Commencement Date : Not Applicable
8. Maturity Date: 11/10/2027 (DD/MM/YYYY) (the "**Scheduled Maturity Date**").
9. Interest Basis: Index Linked.
10. Redemption/Payment Basis: See paragraph 23 below.
11. Change of Interest Basis or Redemption/Payment Basis: Not Applicable.
12. Call/Put Options: Not Applicable.
13. (i) Status of the Notes: The Notes are secured and limited recourse obligations of the Issuer, acting on behalf of the Compartment ranking *pari passu* and without any preference among themselves.

(ii) Date of approval for the issuance of Notes obtained: 31 May 2017

14. Method of distribution: Non-syndicated.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: Not Applicable.

16. Floating Rate Note Provisions: Not Applicable.

17. Zero Coupon Note Provisions: Not Applicable.

18. Index Linked Interest Note Provisions: Not Applicable.

(i) Formula: Unless previously redeemed or purchased and cancelled, provided no Event of Default, no Early Redemption Event, no Bail-In Event or no Modified Redemption Event has occurred, the interest amount (the "**Interest Amount**"), if any, payable on each Interest Payment Date(i) in respect of each Note shall be an amount equal to:

Specified Denomination x [Min(3.75% ; Max(0% ; 1/i x Performance(i)))]

See the Schedule for a definition of the term Performance(i).

(ii) Calculation Agent or other party responsible for calculating the Interest Amount(s) (if not the Issuing and Paying Agent): As provided in part 3-I of the Equity Technical Annex.

(iii) Provisions for determining the Interest Amount(s) where calculation by reference to Funds and/or Formula is impossible or impracticable: As provided in the Equity Technical Annex.

(iv) Interest Payment Date(s): Each Interest Payment Date(i), as per below:

i = 1	11/10/2018
i = 2	11/10/2019
i = 3	12/10/2020
i = 4	11/10/2021
i = 5	11/10/2022
i = 6	11/10/2023
i = 7	11/10/2024
i = 8	13/10/2025
i = 9	12/10/2026

i = 10	11/10/2027
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(v) Business Day Convention: Following Business Day Convention (unadjusted).

(vi) Additional Business Centre(s) and/or Applicable "Business Day" definition: Not Applicable.

19. Dual Currency Note Provisions: Not Applicable.

PROVISIONS RELATING TO PHYSICAL DELIVERY

20. Physical Delivery Note Provisions: Not Applicable.

PROVISIONS RELATING TO REDEMPTION

(See also paragraphs 53 and 57 below)

21. Issuer's optional redemption (other than for taxation reasons): Not Applicable.

22. Redemption at the option of the Noteholders: Not Applicable.

23. Final Redemption Amount: See (i), (ii) and (iii) below and the "Schedule for Index Linked Notes" to these Issue Specific Terms.

(i) Index/Formula: CASE 1

Unless previously redeemed or purchased and cancelled, and provided that no Event of Default, Early Redemption Event, Modified Redemption Event or Bail-In Event has occurred, the Final Redemption Amount payable on the Scheduled Maturity Date in respect of each Note shall be an amount equal to:

$$\text{Final Redemption Amount} = \text{Specified Denomination} \times 100\%$$

CASE 2

Notwithstanding Case 1, in circumstances where a Modified Redemption Event has occurred (but no Event of Default, Early Redemption Event or Bail-In Event (i) has occurred prior to the Modified Redemption Event or (ii) occurs from and including the Modified Redemption Event to and including the Scheduled Maturity Date), the Final Redemption Amount payable by the Issuer on the Scheduled Maturity Date in respect of each Note shall be an amount equal to the Modified Redemption Amount.

Where:

"Modified Redemption Event" means the occurrence of an event as determined by the Calculation Agent under Part 2 II "*Adjustments and Events relating to Indices*" and/or Part 2 V "*Hedging Disruption, Increased Cost of Hedging, Insolvency Filing and consequences – Change in Law and consequences*" as set out in Part 3 of the Schedule for Index Linked Notes and the Calculation Agent having elected to apply the Modified Redemption Amount;

"Modified Redemption Amount" means an amount calculated by the Calculation Agent equal to the sum of:

- (x) the Protected Amount; and
- (y) the Swap Portion Amount;

"Protected Amount" means the product of the Deposit Redemption Price (as defined below) and the Specified Denomination;

"Deposit Redemption Price" means 100%

"Swap Portion Amount" means an amount (if any) in respect of each Note and subject to a minimum of zero, equal to a *pro rata* share of the sum of (i) the early termination amount (if any) received by the Issuer under the Swap Agreement in connection with the termination of the Swap Agreement (as defined below) in whole or in part and (ii) interest (if any) which has accrued in respect of the amount of such early termination amount received by the Issuer (which, for the avoidance of doubt, may be a positive or negative figure).

In Case 1 and Case 2 above, further to the occurrence of a Bail-In Event (as determined by the Swap Counterparty), the Issuer may, with the prior written consent of the Swap Counterparty but without the consent of the Trustee or the Noteholders or any other Secured Party, acting in good faith and in a commercially reasonable manner, amend from time to time any provision(s) of these Issue Specific Terms to incorporate and/or reflect and/or take account of the Bail-In Event. Such amendments may include, without limitation, varying any date or timing or procedures or amounts payable provided for in these Issue Specific Terms. Any amendment made pursuant to this paragraph will be notified to the Noteholders pursuant to the provisions of Condition 19 (Notices).

"Bail-In Event" means the taking of a resolution action by a resolution authority, as defined in Directive 2014/59/EU, in respect of the Deposit Counterparty and which may affect the economics of the Deposit Agreement.

- (ii) Calculation Agent or other party responsible for calculating the Final Redemption Amount (if not the Issuing and Paying Agent): As provided in part 3-I of the Equity Technical Annex.
- (iii) Provisions for determining the redemption amount where calculation by reference to the Formula is impossible or impracticable: As provided in the following parts of the Equity Technical Annex: Part 1 I.1 "*General Definitions*", Part 1 I.2 "*Definitions and Provisions relating to valuation and Market Disruption Event*", Part 1 I.3 "*Consequences of Disrupted Days for a Share, an ADR or an Index*", Part 1 III "*Definitions specific to Indices*", Part 2 II "*Adjustments and Events relating to Indices*", Part 2 V "*Hedging Disruption, Increased Cost of Hedging, Insolvency Filing and consequences – Change in Law and consequences*" and Part 3 I "*Calculations – Calculation Agent*".

For the avoidance of doubt, the provisions of Part 2 II "*Adjustments and Events relating to Indices*", Part 2 V "*Hedging Disruption, Increased Cost of Hedging, Insolvency Filing and consequences – Change in Law and consequences*" are as set out in Part 3 of the Schedule for Index Linked Notes.

24. Early Redemption Amount(s) payable and/or the method of calculating the same: An amount, subject to a minimum of zero, equal to (a) the aggregate of:
- (i) the amount paid to the Issuer by the Deposit Counterparty upon early termination of the Term Deposit pursuant to the terms of the Deposit Agreement (all such terms as defined in paragraph 44 below); and
 - (ii) the amount, if any, paid to the Issuer by the Swap Counterparty upon early termination of the Swap Agreement in relation to the SG Swap Transaction relating to the Notes;

less (b) any costs and expenses of the Trustee and (c) any costs, fees and expenses of Societe Generale acting as disposal agent (the "**Disposal Agent**") and/or any other agent appointed by the Issuer to assist it in the realisation of any of the Charged Asset (such amounts, the "**Realisation Costs**") and each Note shall be redeemed *pro rata*.

On termination of the Deposit Agreement prior

to its scheduled maturity date, the amount payable by Banque Nagelmackers S.A. thereunder as referred to at (i) above will be an amount, calculated by reference to a formula, which may be less than 100% of the Aggregate Nominal Amount of the Notes then outstanding.

On the termination of the Swap Agreement prior to its scheduled maturity date the amount payable by Societe Generale thereunder as referred to (ii) above will be an amount determined by reference to any early termination amount calculated pursuant to the terms of the Swap Agreement..

25. Credit Linked Notes provisions: Not Applicable.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:

(i) Form: Non-U.S. Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream Luxembourg.

(ii) New Global Note: No.

27. "Payment Business Day" election or other special provisions relating to Payment Business Days: Following Payment Business Day.

28. Additional Financial Centre(s): Not Applicable.

29. Talons for future Coupons or Receipts to be attached to Bearer Definitive Notes: Not Applicable.

30. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay: Not Applicable.

31. Details relating to Instalment Notes: Not Applicable.

32. Redenomination, renominatisation and reconventioning provisions: Not Applicable.

33. Swiss Paying Agent(s): Not Applicable.

34. Portfolio Manager: Not Applicable.

35. Governing law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

36. Other final terms: **A. EARLY REDEMPTION EVENTS**

The Notes are subject to early redemption on the occurrence of the following events (each,

an "**Early Redemption Event**");

(i) the occurrence of a Trigger Event with respect to the Compartment Assets pursuant to Condition 7(m);

(ii) the occurrence of a termination of a Related Agreement pursuant to Condition 7(o) save (i) in respect of the Swap Agreement where such termination relates to the occurrence of a Modified Redemption Event and (ii) in respect of the Deposit Agreement where such termination is the consequence of the Issuer purchasing all the Notes in accordance with Condition 7(j);

(iii) the occurrence of a force majeure or act of state pursuant to Condition 7(r) (as set out in this paragraph 36 below); and

(iv) the occurrence of a Change in Law pursuant to Condition 7(s) (as set out in this paragraph 36 below).

Condition 7(d) ("*Optional outstanding Notes Trigger Call*") and Condition 7(n) ("*Redemption for taxation reasons*") shall not apply in respect of the Notes.

The Early Redemption Date in respect of the relevant Early Redemption Event, may be extended up to and including the Extended Redemption Date (as defined below) if the Issuer has not received in full the amount it is scheduled to receive on or prior to the Early Redemption Date in respect of any of the Charged Assets.

"**Extended Redemption Date**" means the date that is up to two calendar years after the Scheduled Maturity Date or, if the Early Redemption Date falls prior to the Scheduled Maturity Date, up to two calendar years after such original Early Redemption Date.

The following additional terms shall be inserted after Condition 7(q) "*Redemption or forced transfer of Registered Notes or Permanently Restricted Notes*":

“(r) Redemption for force majeure and act of state

If the Calculation Agent determines that by reason of an event or an act of state occurring on or after the Issue Date of the Notes, for which the Issuer is not accountable, it becomes impossible and insurmountable for the Issuer to perform, in whole or in part, its obligations under the Notes, so that

the continuance of the Notes is thereby rendered definitively impossible, the Issuer may give not more than 30 Business Days nor less than 14 Business Days' notice (which notice shall be irrevocable) to the Trustee and the Noteholders pursuant to Condition 19 (*Notices*) prior to the specified due date of redemption that it intends to redeem the Notes and the Notes shall be early redeemed at their Early Redemption Amount (determined in accordance with paragraph 24 of these Issue Specific Terms) on such due date for redemption.

(s) Redemption following a Change in Law

The occurrence of a Change in Law (as defined below) shall be an Early Redemption Event. Consequently upon the occurrence of such event (as determined by the Calculation Agent) the Issuer will forthwith give not more than 30 Business Days nor less than 14 Business Days' notice (which notice shall be irrevocable) to the Trustee and the Noteholders pursuant to Condition 19 (*Notices*) prior to the specified due date of redemption that it intends to redeem the Notes and the Notes shall be early redeemed at their Early Redemption Amount (determined in accordance with paragraph 24 of these Issue Specific Terms) on such due date for redemption.

"Change in Law" means that, on or after the Issue Date of the Notes (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Calculation Agent

determines that it has become illegal:

- (i) for the Issuer to maintain the Notes and/or to perform its obligations under the Notes and/or to hold, acquire or dispose any Underlying (as defined on page 206 of the Base Prospectus) used under the Notes and/or to use or refer to any Underlying used under the Notes; or
- (ii) for the obligor of any Related Agreement to maintain the Related Agreement and/or to perform its obligations under the Related Agreement.”

B. OTHER PROVISIONS

Condition 6 - Payments

In respect of the Notes, in Condition 6 – “Payments”:

- (A) the paragraph “*Payments Subject to Fiscal and Other Laws*” shall be deleted and replaced by the following:

“All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its Agents) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.”; and

- (B) in Condition 6(m) “*Collateral Disruption Events*”, the definition “*Collateral Disruption Event*” shall be deleted and replaced by the following:

“Collateral Disruption Event means, in relation to a Compartment Asset, the occurrence of a Market Disruption Event, a Potential Adjustment Event, an Extraordinary Event and/or an Insolvency Filing (in each case as defined in the relevant Technical Annex) in relation to such Compartment Asset, as determined in the reasonable opinion of the Calculation Agent.”

Condition 9 “Taxation”

In respect of the Notes, Condition 9 “Taxation” shall be deleted and replaced by the following:

“All payments in respect of the Notes, Receipts and Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law.

Unless the applicable Final Terms specify that Condition 7(n) shall not apply, in the event that any amounts are required to be deducted or withheld for, or on behalf, of any Tax Jurisdiction, the Issuer shall, to the fullest extent permitted by law, pay such additional amount as may be necessary, in order that each Noteholder, Receiptholder or Couponholder, after deduction or withholding of such taxes, duties, assessments or governmental charges, will receive the full amount then due and payable, provided that no such additional amount shall be payable with respect to any Note, Receipt or Coupon:

- (a) the holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his being connected with the Grand Duchy of Luxembourg other than by the mere holding of such Note, Receipt or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to an additional amount on presenting the

same for payment on such thirtieth day assuming that day to have been a Payment Business Day (as defined in Condition 6(g) (Payment Business Day); or

- (c) in respect of an issue of Notes which have been privately placed, if the applicable Final Terms indicate that no such additional amounts shall be payable; or
- (d) where such withholding or deduction is imposed on a payment and is required to be made pursuant to treaties executed or laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the Council Directive 2003/48/EC on the taxation of savings income (as amended), in particular the principle to have a person other than the Issuer to withhold or deduct the tax, such as, without limitation any paying agent; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

Notwithstanding any other provision of these Terms and Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes, Receipts or Coupons for, or on account of, any withholding or deduction (i) required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto or (ii) imposed pursuant to Section 871(m) of the Code.

In these Terms and Conditions:

- (i) **Tax Jurisdiction** means, in relation to the Issuer, the Grand Duchy of Luxembourg or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) **Relevant Date** means the date on

which the relevant payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 19 (Notices)."

DISTRIBUTION

37. (i) If syndicated, names and addresses and underwriting commitments of Managers: Not Applicable.
- (ii) Date of Syndication Agreement: Not Applicable.
- (iii) Stabilising Manager (if any): Not Applicable.
38. If non-syndicated, name and address of relevant Dealer: Societe Generale
17 Cours Valmy
92987 Paris La Défense Cedex
France
39. Total commission and concession: There is no commission and/or concession paid by the Issuer to the Dealer.
- Societe Generale shall pay to the person(s) set out below (each an "**Interested Party**") the following remunerations for the services provided by such Interested Party to Societe Generale in the capacity set out below.
- Interested Party: Banque Nagelmackers S.A., a legal entity incorporated under the laws of Belgium and having its registered office at Avenue de l'Astronomie 23, 1210 Brussels, Belgium (the "**Authorised Offeror**", acting as principal in respect of the settlement of the Notes).
- Commission payable to the Authorised Offeror:
- (a) an annual average remuneration (calculated on the basis of the term of the Notes) of up to 1 per cent. of the amount of Notes effectively placed; and
- (b) in relation to the partnership agreement in existence between Banque Nagelmackers and Societe Generale a participation in the marketing fees (up to EUR 500,000 per annum) supported by Banque Nagelmackers S.A. and a partnership fee equal to the greater of (i) 0.20%

of the global outstanding amount of notes arranged by Societe Generale as observed at the end of each year and distributed in Banque Nagelmackers S.A.'s network over the preceding years and (ii) 2.50% of the annual production raised by Banque Nagelmackers S.A. According to the terms of such partnership agreement, this participation in the marketing fees and these partnership fees are due only if (and for as long as) Banque Nagelmackers S.A., when proposing structured products, limits its offer exclusively to notes arranged by Societe Generale.

40. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:

Not Applicable.

41. Additional selling restrictions:

United States

The Notes described herein are designated as Permanently Restricted Notes. As a result, they may not be legally or beneficially owned at any time by any U.S. Person (as defined in Regulation S) and accordingly are being offered and sold outside the United States to persons that are not U.S. Persons in reliance on Regulation S under the Securities Act and CFTC Rule 4.7 (as such terms may be amended from time to time). By its purchase of a Note, each purchaser will be deemed or required, as the case may be, to have agreed that it may not resell or otherwise transfer any Note held by it except outside the United States in an offshore transaction to a person that is not a U.S. Person.

Belgium

Each of the Dealer and the Issuer has represented and agreed, that in relation to any offer of Notes to the public in Belgium, it may only make such offer provided (a) a prospectus in relation to those Securities is either approved by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/ Autorité des services et marchés financiers*) (the "**FSMA**") or, where appropriate, approved by the competent authority in another Relevant Member State and notified to the FSMA, all in accordance with the Belgian Law of 16 June 2006 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market, as supplemented and amended from time to time (the "**Prospectus Law**") and (b) any person providing intermediation services in relation to the Securities shall be authorised to do so under articles 55 and 56 of the Prospectus Law (to the extent applicable).

42. Additional U.S. Tax Disclosure: The Notes are not Specified Notes for purposes of Section 871(m) Regulations.

COMPARTMENT ASSETS, SUPPLEMENTARY ASSETS, SECURITY, ETC.

43. Description of Compartment: Codeis Securities SA - Compartment A0049 is a Category A Compartment, in respect of which at any time several Series of Notes may be outstanding.

If a Note Acceleration occurs under any Related Notes, a Note Acceleration will be deemed to have occurred in respect of this Series of Notes and the security with respect to the Compartment Assets in respect of all such Series of Notes will be enforceable in accordance with Condition 12 of the Notes.

As at the Issue Date, there are twenty one other Series of Related Notes outstanding for this Compartment.

44. Compartment Assets: The Issuer shall invest the proceeds of the issue of the Notes in the acquisition or, as the case may be, the entry into of the following Compartment Assets, subject to any fees, commissions, premiums or other costs and expenses payable in connection with the Compartment, as described in Condition 6(a) and the Order of Priority:

(A) An over-the-counter derivative transaction with a notional amount equal to the Aggregate Nominal Amount (the "**SG Swap Transaction**") between the Issuer and Societe Generale as counterparty (the "**Swap Counterparty**"). The SG Swap Transaction shall be evidenced by a master confirmation (the "**Master Confirmation**") dated 23 August 2013 incorporating by reference to one or more sets of definitions published by ISDA in respect of the SG Swap Transaction underlying and a trade confirmation dated the Issue Date which relates to this Series of Notes (the "**Transaction Confirmation**"), all governed by an ISDA Master Agreement dated as of 10 April 2008, as amended (the "**ISDA Master Agreement**") (the ISDA Master Agreement, the Master Confirmation and the Transaction Confirmation are together the "**Swap Agreement**").

The Issuer and the Swap Counterparty will enter into an equivalent swap transaction in respect of any Series of Related Notes.

(B) A term deposit (the "**Term Deposit**") made with Banque Nagelmackers S.A. (the "**Deposit**")

Counterparty") pursuant to a master deposit agreement entered into between the Deposit Counterparty and the Issuer dated 23 August 2013 (the "**Deposit Master Agreement**") and a supplement relating to this Series of Notes dated as of the Issue Date (the "**Deposit Supplement**"), in each case governed by Belgian law.

The amount in relation to the Term Deposit will be deposited in an account with the Deposit Counterparty, the account number of which will be specified in the Deposit Master Agreement (the "**Deposit Counterparty Account**").

In respect of each Series of Related Notes, the Issuer and the Deposit Counterparty shall enter into a separate supplement to the Master Deposit Agreement on the relevant issue date of such Related Notes. While the same Deposit Counterparty Account will be used for the term deposit relating to the relevant Series of Related Notes, such supplement shall be identified by a deposit reference allowing to identify the Term Deposit in relation to the Notes and each series of Related Notes.

The Master Deposit Agreement and each supplement entered into thereunder relating to the Notes or any Related Notes shall constitute the "**Deposit Agreement**".

- (i) legal jurisdiction by which the Charged Assets are governed: The Deposit Agreement is governed by Belgian law.
- The Swap Agreement is governed by the laws of England and Wales and the parties thereto have submitted to the exclusive jurisdiction of the courts of England so far as courts of the Contracting States as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 as amended, extended or re-enacted are concerned and non-exclusive as to other courts.
- (ii) obligors under the Charged Assets: The obligor under the Deposit Agreement is Banque Nagelmackers S.A. as provider of the Term Deposit.
- The obligor in respect of the SG Swap Transaction is Societe Generale.
- (iii) legal nature of the Charged Assets: The Deposit Agreement is a contract. The obligations of the Deposit Counterparty constitute its direct, unsecured obligations, as more fully described in paragraph 44(xv) below.
- The SG Swap Transaction is a contract. The obligations of Societe Generale (as Swap Counterparty) constitute its direct, unsecured

obligations.

- (iv) expiry or maturity date(s) of the Charged Assets: The Term Deposit has a scheduled termination date falling on the second Business Day prior to the Scheduled Maturity Date of the Notes (which is expected to be 07 October 2027) (the “**Deposit Scheduled Termination Date**”). The Term Deposit may be due to be repaid prior to its scheduled termination date in part or in whole in certain circumstances, including:
- (A) a purchase and further cancellation of all of the Notes outstanding pursuant to Conditions 7(j) and 7(k);
 - (B) an early redemption of the Notes;
 - (C) an Event of Default in respect of the Notes; and
 - (D) any event occurring with respect to the Deposit Counterparty listed as a case of cancellation under the terms of the Deposit Agreement.

The SG Swap Transaction has a Termination Date (as such term is defined in the relevant Transaction Confirmation) falling on the third Business Day following the Last Valuation Date (as defined in the Schedule for Index Linked Notes). In the circumstances specified in the terms thereof (including a Modified Redemption Event), the Swap Agreement may be terminated prior to such date.

- (v) amount of the Charged Assets: See Paragraph 44(xv) (*flow of funds*) below.

- (vi) method of origination or creation of the Charged Assets: In connection with the Notes, the Issuer will enter into the Deposit Agreement with the Deposit Counterparty. In addition, the Issuer will enter into the Swap Agreement with the Swap Counterparty. The SG Swap Transaction and the Deposit Agreement will be entered into between the parties thereto on the Issue Date.

Under the Deposit Agreement the Issuer will initially deposit, on the Business Day following the Issue Date, a proportion of the net issuance proceeds of the Notes corresponding to the Initial Deposit Amount (as defined hereafter) to the Deposit Counterparty. The Initial Deposit Amount will be determined on or before the Issue Date in consultation with the Deposit Counterparty such that, based on the market conditions prevailing at that time, it would enable the Deposit Counterparty to repay the Term Deposit at an amount equal to the Deposit Redemption Amount (as defined hereafter) on the Deposit Scheduled Termination Date. Interest will not accrue on

the Deposit.

In respect of the Swap Agreement, as of the Issue Date, the SG Swap Transaction will have a notional amount equal to the Aggregate Nominal Amount of the Notes on such date.

The notional amount of the SG Swap Transaction and the equivalent aggregate amount of the Term Deposit will be reduced upon any repurchase and cancellation of Notes by the Issuer so as to ensure compliance with the Investment Policy.

- | | | |
|--------|---|--|
| (vii) | an indication of any significant representations and collaterals given to the Issuer relating to the Charged Assets: | In respect of the SG Swap Transaction, Societe Generale has given the representations and warranties set out in the ISDA Master Agreement and Schedule thereto. |
| | | In respect of the Deposit Agreement, the Deposit Counterparty has given certain standard representations and warranties to the Issuer in a form standard for a deposit agreement, the terms of which are set out in the Deposit Agreement. |
| (viii) | a description of any relevant insurance policies relating to the Charged Assets: | Not Applicable. |
| (ix) | where the Charged Assets comprise obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more of the Charged Assets, or where an obligor accounts for a material portion of the Charged Assets: | In respect of the Deposit Counterparty, please see the section " <i>Description of Banque Nagelmackers S.A.</i> " of this Prospectus. |
| | | In respect of Societe Generale (acting as Swap Counterparty), see the section " <i>Description of Societe Generale</i> " of this Prospectus. |
| (x) | any relationship that is material to the issue between the Issuer and obligor under the Charged Assets: | Societe Generale owns all shares of the Issuer except one. |
| (xi) | Charged Assets comprising obligations that are not admitted to trading on a regulated or equivalent market: | Applicable |
| | | Neither the Swap Agreement nor the Deposit Agreement is admitted to trading on a regulated or equivalent market. |
| (xii) | Charged Assets comprising obligations that are admitted to trading on a regulated or equivalent market: | Not Applicable. |
| (xiii) | additional description where more than ten (10) per cent of the Charged Assets comprise equity securities that are not traded on a regulated or equivalent market: | Not Applicable. |
| (xiv) | additional description where a | Not Applicable. |

material portion of the Charged Assets are secured on or backed by real property:

(xv) flow of funds:

The issuance proceeds of the Notes received by the Issuer will be used by the Issuer to fund the flows required to be paid by the Issuer under the Deposit Agreement and the Swap Agreement.

The flows of funds detailed below are subject to the occurrence of an Early Redemption Event, an Event of Default, a Modified Redemption Event or a Bail-In Event.

Swap Agreement

On the Issue Date, the Issuer will enter into the SG Swap Transaction with the Swap Counterparty for a notional amount equal to the Aggregate Nominal Amount of the Notes. Under the SG Swap Transaction the following payments are scheduled to be made (the indicative terms of the SG Swap Transaction listed below are given for information and shall not be considered as exhaustive):

- (A) On the Business Day following the Issue Date, the Issuer shall pay to the Swap Counterparty an amount equal to the difference between (x) the issuance proceeds of the Notes and (y) the Initial Deposit Amount (as defined below);
- (B) On or prior to each Interest Payment Date, the Swap Counterparty shall pay to the Issuer an amount equal to the Interest Amount (as defined at paragraph 18(i) above) with respect to the number of outstanding Notes as of such day;
- (C) Following the occurrence of a Modified Redemption Event (if any), as soon as reasonably practicable after the calculation by the Swap Counterparty of the early termination amount due under the Swap Agreement, the Swap Counterparty shall, if such amount is due to the Issuer, pay to the Issuer an amount equal to the early termination amount (if any);
- (D) In addition, the Swap Counterparty shall pay to the Issuer on the Issue Date and from time to time amounts which could be used by the Issuer, at its discretion, to cover the fees, commissions, premiums or other costs and expenses incurred by the Issuer in connection with

the Compartment.

Deposit Agreement

On the Issue Date, the Issuer will enter into the Deposit Agreement with the Deposit Counterparty. Pursuant to the terms thereof:

(E) on the Business Day following the Issue Date, an amount equal to the Initial Deposit Amount which shall be deposited in the Deposit Counterparty Account.

(F) On the Deposit Scheduled Termination Date the Deposit Counterparty will pay to the Issuer an amount corresponding to the Deposit Redemption Amount at such time (as defined below).

The "**Initial Deposit Amount**" means an amount agreed between the Issuer and Deposit Counterparty on the Trade Date such that it would allow the Deposit Counterparty to redeem the Term Deposit on its termination date at an amount equal to the Deposit Redemption Amount, as determined on the basis of the then prevailing interest rates and market conditions.

The "**Deposit Redemption Amount**" means the product of (i) Deposit Redemption Price and (ii) the outstanding Aggregate Nominal Amount of Notes.

The amounts received by the Issuer as described in items (B), (C) and (F) above will be paid into the relevant Deposit Account of the Compartment held at the Custodian. The moneys standing to the credit of the Deposit Account on the Scheduled Maturity Date will be used by the Issuer to redeem each Note at its Final Redemption Amount or, as the case may be, the Modified Redemption Amount on the Scheduled Maturity Date. The Deposit Account bears an interest rate determined by the Custodian which may be positive or negative.

Following the occurrence of a Modified Redemption Event, the Issuer may enter into an agreement with Societe Generale (the "**Alternative Account Agreement**"), whereby the amount received under item (C) above may be released from the Deposit Account and deposited at Societe Generale on the terms Societe Generale, acting in a commercially reasonable manner, deems suitable. The Issuer will also enter into such security arrangements from time to time as are necessary to ensure that its rights under such

Alternative Account Agreement are secured in favour of the Trustee.

- (xvi) arrangements upon which payments of interest and principal to investors are dependent: It is envisaged that the payment obligations of the Issuer under the Notes will be funded by the payments received pursuant to the Compartment Assets. Consequently, a default by any or all of the obligors in respect of the Compartment Assets may cause the Issuer to default on its obligations under the Notes.
- (xvii) information on any credit enhancements, an indication of where material potential liquidity shortfalls may occur and the availability of any liquidity supports and indication of provisions designed to cover interest/principal shortfall risks: See sub-paragraph 44(xvi) above.
No liquidity support is available to the Issuer in the event that a default occurs under one or more of the Compartment Assets.
- (xviii) information concerning the Charged Assets reproduced from a source published by a third party: The information contained in this Prospectus relating to Societe Generale and the Deposit Counterparty has been accurately reproduced from information published by Societe Generale and the Deposit Counterparty respectively.

So far as the Issuer is aware and is able to ascertain from information published by Societe Generale and the Deposit Counterparty, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has not attempted, and will not attempt, to verify the accuracy of such reproduced information and gives no assurance as to, and takes no responsibility for, its reliability. Investors should conduct their own inquiries and form their own judgements regarding the same.
- (xix) Names, addresses and significant business activities of the originators of the Compartment Assets: Sources of information on the Deposit Counterparty and on Societe Generale are specified under paragraph 44(ix) above.
- (xx) Names and addresses and brief description of:

Any swap counterparties and any providers of other material forms of credit/liquidity enhancement; Societe Generale
17 Cours Valmy
92987 Paris La Defense Cedex

and

For a description of Societe Generale please see section "*Description of Societe Generale*" in this Prospectus.

<p>The banks with which the main accounts relating to the Series are held.</p>	<p>The Custodian (or any sub-custodian that may be appointed by the Custodian as the case may be).</p> <p>The Deposit Counterparty. The address of the Deposit Counterparty is: Banque Nagelmackers S.A., Avenue de l'Astronomie 23, 1210 Brussels BELGIUM</p> <p>For a description of the Deposit Counterparty, please see section "<i>Description of Banque Nagelmackers S.A.</i>" in the Prospectus.</p>
<p>45. Replacement Assets:</p>	<p>Not Applicable.</p>
<p>46. Maturing Compartment Assets:</p>	<p>Not Applicable.</p>
<p>47. Addition or Removal of Compartment Assets:</p>	<p>Applicable solely in order to comply with the Investment Policy.</p>
<p>48. Deposit Account:</p>	<p>The Custodian.</p>
<p>49. Compartment Assets Manager:</p>	<p>Societe Generale pursuant to the Collateral Management Agreement.</p>
<p>50. (i) Investment Criteria:</p>	<p>Not Applicable.</p>
<p>(ii) Investment Policy:</p>	<p>The Investment Policy applicable to the management of the Compartment Assets is to ensure that:</p> <p>(A) as of any day between the Issue Date and the termination date of the SG Swap Transaction, the ratio of (i) the notional amount of the SG Swap Transaction and (ii) the then outstanding Aggregate Nominal Amount of Notes outstanding is equal to 100%; and</p> <p>(B) as of any day between the Issue Date and the termination date of the Term Deposit, the ratio of (i) the equivalent notional amount related to the Deposit Redemption Amount to (ii) the then outstanding Aggregate Nominal Amount of Notes outstanding is equal to 100%.</p> <p>Consequently, where there is a purchase and cancellation of some or all of the Notes by the Issuer pursuant to Conditions 7(j) and 7(k), the notional amount of the SG Swap Transaction and the equivalent aggregate amount of the Term Deposit will be reduced or decreased as appropriate in order to ensure compliance with the ratios set out at (A) and (B) above.</p>
<p>(iii) Liabilities to Assets Ratio Lower Limit:</p>	<p>Not Applicable.</p>
<p>(iv) Liabilities to Assets Ratio Upper Limit:</p>	<p>Not Applicable.</p>

51. Supplementary Assets: Not Applicable.
52. Supplementary Assets Manager: Not Applicable.
53. Related Agreements: The Swap Agreement and the Deposit Agreement.
- (i) Redemption following termination of a Related Agreement: Applicable provided that it shall not be an event triggering early redemption of the Notes if (a) a Modified Redemption Event occurs or (b) the Deposit Agreement is terminated in part or in full pursuant to a repurchase by the Issuer of a portion or all the outstanding Notes in accordance with Condition 7(j).
- Condition 7(o) applies. In relation thereto, the Early Redemption Amount shall be determined in accordance with paragraph 24 of these Issue Specific Terms.
54. Security:
- (i) Charged Assets charged to Trustee; French law security;
- (ii) Charged Assets charged to Trustee; English law security; and
- (iii) Charged Assets charged to Trustee; additional foreign law security.
- In addition to the Security created under the Trust Deed, the Issuer will grant:
- (x) a French law governed pledge by way of security over the Deposit Account in favour of the Trustee (acting as security agent) pursuant to a French law bank account pledge agreement made between the Issuer, the Trustee, Societe Generale and the Custodian; and
- (y) a Belgian law governed pledge by way of security over the receivables due to the Issuer pursuant to the Term Deposit (including the amounts deposited in the Deposit Counterparty Account) in favour of the Trustee pursuant to a Belgian law pledge agreement made between the Issuer, the Trustee and the Deposit Counterparty.
55. Order of Priority: The Standard Order of Priority (as defined in Condition 8(f)(iii)) applies provided that Condition 8(f)(iii)(A) shall be deemed to have been deleted and replaced by the following:
- "(A) first, in payment or satisfaction of all Liabilities incurred or payable to the Trustee and any Appointee pursuant to the Trust Deed and any Additional Security Document (which for the purpose of this Condition 8(f) and the

		Trust Deed shall include any taxes required to be paid, the costs of realising any security and the Trustee's and any Appointee's remuneration)."
56.	Waiver of Rights Agreement:	Not Applicable.
57.	Redemption following a Trigger Event:	Applicable, as set out in Condition 7(m). In relation thereto, the Early Redemption Amount shall be determined in accordance with paragraph 24.
58.	Cross-acceleration in respect of Related Notes:	Applicable.
59.	Rating Agency requirements:	Not Applicable.
60.	Trustee:	SG Kleinwort Hambros Trust Company (CI) Limited (formerly known as SG Hambros Trust Company (Channel Islands) Limited) (or any successor).
61.	Custodian:	Societe Generale Bank & Trust, Luxembourg or any such additional or successor custodian appointed in accordance with Condition 8(c) (<i>Custodian; Deposit Account</i>).
62.	Compartment Parties:	Societe Generale acting in its capacity as Swap Counterparty to the Issuer under the Swap Agreement. Banque Nagelmackers S.A., acting in its capacity as Deposit Counterparty to the Issuer under the Deposit Agreement.
63.	Voting Agent:	Societe Generale.

PURPOSE OF ISSUE SPECIFIC TERMS

These Issue Specific Terms comprise the Issue Specific Terms required for the issue of the Notes by Codeis Securities SA pursuant to its €100,000,000,000 Limited Recourse Notes Programme.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing: Not Applicable.
- (b) Admission to trading: Not Applicable.

2. RATINGS

- Ratings: No application will be made for the Notes to be issued to be rated.

3. NOTIFICATION AND AUTHORISATION

The *Commission de Surveillance du Secteur Financier* ("**CSSF**"), which is the competent authority for purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg, has been requested to provide the *Autorité des Services et Marchés Financiers/Autoriteit voor Financiële Diensten en Markten*, its equivalent competent authority in the Kingdom of Belgium, with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive and the relevant implementing measures in Luxembourg.

4. ADDITIONAL RISK FACTORS

Not Applicable.

5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Societe Generale is the Swap Counterparty under the Swap Agreement. Should any conflicts of interest arise between (i) the responsibilities of Societe Generale as Calculation Agent for the Notes and (ii) the responsibilities of Societe Generale as Swap Counterparty, the Issuer and Societe Generale hereby represent that such conflicts of interest will be resolved in a manner which respects the interests of the Noteholders.

Banque Nagelmackers S.A. is the Deposit Counterparty and the Authorised Offeror.

6. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- Reasons for the offer: See "*Use of proceeds*" in this Prospectus.
- Estimated net proceeds: Up to EUR 30,000,000
- Estimated total expenses: EUR 8,000

7. YIELD (*Fixed Rate Notes only*)

- Indication of yield: Not Applicable.

8. HISTORIC INTEREST RATES

Not Applicable.

9. PERFORMANCE OF UNDERLYING/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Information about the past and future performance of the Index and the volatility of the Index can be obtained on the website in respect of the Index, as specified in the Schedule for Index Linked Notes.

Provided that no Early Redemption Event, Event of Default, Modified Redemption Event or Bail-In Event has occurred, the Final Redemption Amount of each Note on the Maturity Date shall be an amount equal to 100 per cent. of the Specified Denomination of such Note.

If a Modified Redemption Event has occurred, the Final Redemption Amount of each Note payable by the Issuer on the Scheduled Maturity Date will be replaced by the Modified Redemption Amount (subject to no Early Redemption Event, Event of Default or Bail-In Event having occurred prior to the Modified Redemption Event or occurring from and including the Modified Redemption Event to and including the Scheduled Maturity Date). Upon the occurrence of a Modified Redemption Event, the Notes will cease to bear interest.

Provided that no Early Redemption Event, Event of Default, Modified Redemption Event or Bail-In Event has occurred, the Interest Amount, if any, payable on an Interest Payment Date in respect of each Note shall be a positive amount, which will (i) depend on the performance of the Index on the Initial Strike Date and on the Valuation Date preceding the relevant Interest Payment Date and (ii) subject to an overall cap in terms of performance.

The Swap Agreement and the Deposit Agreement are the assets on which the Notes are secured and have characteristics that demonstrate capacity to produce funds to service the payments due and payable in respect of the Notes. Accordingly, the ability of the Issuer to pay the portion of the Final Redemption Amount equal to the Specified Denomination or, if a Modified Redemption Event has occurred the Protected Amount, is linked to the creditworthiness of Banque Nagelmackers S.A. as Deposit Counterparty, and the ability of the Issuer to pay the Interest Amount (if any) and the Swap Portion Amount (if any), is linked to the creditworthiness of Societe Generale as Swap Counterparty and to the performance of the Index over time.

In the event the Swap Agreement terminates early due to the occurrence of a Modified Redemption Event, no Early Redemption Event will occur but thereafter the Notes will cease to bear interest.

10. PERFORMANCE OF RATES OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

Not Applicable.

11. INFORMATION REQUIRED FOR SIS NOTES TO BE LISTED ON THE SIX SWISS EXCHANGE

Not Applicable.

12. OPERATIONAL INFORMATION

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|-----|---|---------------------------|
| (a) | ISIN Code: | XS1570213386 |
| (b) | Common Code: | 157021338 |
| (c) | Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, <i>société anonyme</i> , Euroclear France or Euroclear UK & Ireland Limited and the relevant identification number(s): | Not Applicable. |
| (d) | Delivery: | Delivery against payment. |
| (e) | Names and addresses of Additional Paying Agent(s) (if any): | Not Applicable. |
| (f) | EUI Agent: | Not Applicable. |

- (g) EUI Agent's specified office: Not Applicable.
- (h) Swedish Issuer Agent: Not Applicable.
- (i) Intended to be held in a manner which would allow Eurosystem eligibility: No.
- (j) U.S. federal income tax considerations: The Notes are not Specified Notes for purposes of Section 871(m) Regulations.
13. Address and contact details of Codeis Securities SA for all administrative communications relating to the Notes: Telephone: +352 47 93 11 51 39
Facsimile: +352 22 88 59
Attention:
Codeis Securities SA
Patrick Vincent
15, boulevard Prince Henri, L-1724 Luxembourg
E-mail: codeis@codeis.lu

14. **SWISS SIMPLIFIED PROSPECTUS**

Not Applicable.

SCHEDULE FOR INDEX LINKED NOTES

(If applicable, this Schedule forms part of Part A of the Issue Specific Terms to which it is attached (save for paragraph 1(a) and the section headed "Underlying" which each form part of Part B of the Issue Specific Terms to which it is attached))

Part 1

Not Applicable

Part 2

Terms used in paragraph 23 (i) and 44 (xv) above are described in this Part 2:

Valuation Date(0) 03/10/2017 (the "**Initial Strike Date**")
(DD/MM/YYYY)

Valuation Date(i)
(i from 1 to 10)
(DD/MM/YYYY)

i=1	03/10/2018 (the " First Valuation Date ")
i=2	03/10/2019
i=3	05/10/2020
i=4	04/10/2021
i=5	03/10/2022
i=6	03/10/2023
i=7	03/10/2024
i=8	03/10/2025
i=9	05/10/2026
i=10	04/10/2027 (the " Last Valuation Date ")

Underlying The following index (the "**Index**"):

Index Name	Index Type	Bloomberg Code	Index Calculation Agent	Index Sponsor	Exchange(s)	Website (*)
Solactive Stable Income Europe Index	Price Return	SOLFCF Index	Solactive A.G. (which calculates and disseminates the Index levels in accordance with the Index rules)	Solactive A.G. (which specifies the Index rules and methods of calculation)	Each exchange on which securities comprised in the Index are traded, from time to time, as determined by the Index Sponsor	www.solactive.com

() The information relating to the past and future performances and the volatility of the Underlying(s) is available on the specified Website of the relevant Index Sponsor*

Closing Price As defined in Part 1 of the Equity Technical Annex

S(0) Closing Price of the Underlying on the Valuation Date(0)

S(i) (i from 1 to 10) Closing Price of the Underlying on the relevant Valuation Date(i)

Performance(i) (i from [S(i) / S(0)] - 1
1 to 10)

Part 3

The provisions of the Equity Technical Annex apply as amended below.

1. Amendment to Part 2 II. "Adjustments and Events relating to Indices"

Part 2 II. "Adjustments and Events relating to Indices" is deleted and replaced as follows:

II. Adjustments and Events relating to Indices

II.1. Adjustments

(A) If an Index is:

- (a) not calculated and announced by the relevant Index Sponsor or the Index Calculation Agent as the case may be, but is calculated and announced by a relevant successor index sponsor (the **Successor Index Sponsor**) or a successor index calculation agent (the **Successor Index Calculation Agent**) acceptable to the Calculation Agent; or
- (b) replaced by a successor index (the **Successor Index**) using, in the determination of the Calculation Agent, the same or a substantially similar formula for, and method of, calculation as used in the calculation of that Index,

then the Index will be deemed to be the index so calculated and announced by the relevant Successor Sponsor or Successor Calculation Agent or that Successor Index (as the case may be).

(B) If, in the determination of the Calculation Agent:

- (a) on or prior to a Valuation Date or an Averaging Date, the relevant Index Sponsor (or if applicable the Successor Sponsor) makes a material change in the formula for, or the method of calculating, that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent securities and capitalisation and other routine events);
- (b) on on prior to any Valuation Date or Averaging Date, the relevant Index Sponsor (or, if applicable, the relevant Successor Sponsor) or the Index Calculation Agent (or the Successor Index Calculation Agent) as the case may be, fails to calculate and publish the level of the Index and such failure is likely to have a material impact on any hedging transactions entered into by the Hedge Counterparty in connection with the Notes; or
- (c) the Index Sponsor (or, if applicable, the Successor Sponsor) permanently cancels the Index and no Successor Index exists,

then the Calculation Agent shall either:

- (x) calculate the relevant formula used to determine an amount to be paid or whether a condition has occurred, if any, as described in the Issue Specific Terms using, in lieu of a published level for the Index, the level of that Index as at the Valuation Time on the relevant Valuation Date or Averaging Date, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that change, failure

or cancellation (other than those securities that have since ceased to be listed on any relevant Exchange); or

- (y) replace the Index by a new index, provided that such index is (a) representative of the same economic or geographic sector (as the case may be) and (b) to the extent possible, representative of shares listed on one or more Exchanges of one or more member countries of the Organisation for Economic Co-operation and Development (such countries, **OECD countries**).

If the Calculation Agent has not elected not to calculate the relevant formula in (x) and if in (y) no index meeting the criteria (a) and (b) can be selected by the Calculation Agent, then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).

- (C) If an Index merges with another index or if an Index which forms part of the Basket merges with another index which does not form part of the Basket (the **Event**), the Calculation Agent will either:
 - (a) continue using the index resulting from the merger; or
 - (b) replace the Index with another index (the **New Index**); as long as the New Index is (i) representative of the same economic or geographic sector (as the case may be) and (ii) to the extent possible, representative of shares listed on one or more Exchanges of one or more OECD countries.

If the Calculation Agent has elected not to follow option (a) and if in (b) no index meeting the criteria (i) and (ii) can be selected by the Calculation Agent, then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).

- (D) In the case of a merger affecting two Indices comprised in a Basket (the **Event**), the Calculation Agent will either:
 - (a) continue using the index resulting from the merger and, in order to maintain the same number of indices within the Basket, the Calculation Agent will select a further index (a **New Index**) to be included in the Basket, as long as such New Index is (i) representative of the same economic or geographic sector (as the case may be) and (ii) to the extent possible, representative of shares listed on one or more Exchanges of one or more OECD countries; or
 - (b) replace both Indices with two other indices (each a **New Index**); as long as each New Index is (i) representative of the same economic or geographic sector (as the case may be) and (ii) to the extent possible, representative of shares listed on one or more Exchanges of one or more OECD countries.

If the Calculation Agent has elected not to follow option (a) and if in (b) no index meeting the criteria (i) and (ii) can be selected by the Calculation Agent, then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).

- (E) If an Index is split into two or more new indices (the **Event**), the Calculation Agent will either:
 - (a) use the indices resulting from the split to determine an index equivalent to the one existing prior to the split (provided that the indices resulting from the split will be deemed to form together the **New Index**); or
 - (b) replace the split Index with a new index (a **New Index**) as long as such New Index is (i) representative of the same economic or geographic sector (as the case may be), and (ii) to the extent possible representative of shares listed on one or more Exchanges of one or more OECD countries.

If the Calculation Agent has elected not to follow option (a) and if in (b) no index meeting the criteria (i) and (ii) can be selected by the Calculation Agent, then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).

- (F) In the case of a Basket of Indices, in the event that shares forming part of one Index comprising the Basket represent at least 20 per cent. of the capitalisation of another Index forming part of the Basket (the **Affected Index**) (the **Event**), the Calculation Agent may, but is not obliged to, replace such Affected Index with a new index as long as such new index is (a) representative of the same economic or geographic sector (as the case may be) and (b) to the extent possible, representative of shares listed on one or more Exchanges of one or more OECD countries. If the Calculation Agent would replace such Affected Index with a New Index but is unable to identify an index meeting the criteria in (a) and (b), then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).
- (G) In the event that an Index ceases to be the underlying of a futures and/or option contract (as the case may be) (the **Event**), the Calculation Agent may, but is not obliged to, replace such Index with a new index as long as such new index is (a) representative of the same economic or geographic sector (as the case may be) and (b) to the extent possible, representative of shares listed on one or more Exchanges of one or more OECD countries. If the Calculation Agent would replace such Affected Index with a New Index but is unable to identify an index meeting the criteria in (a) and (b), then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).

II.2. Correction of the Closing Price of an Index

In the event that any price or level published on the Exchange or by the Index Sponsor and which is used for any calculation or determination made under the Notes is subsequently corrected and the correction is published and made available to the public by the Exchange or the Index Sponsor after the original publication but no later than four Business Days prior to the Maturity Date (or any payment date(s) determined in the Issue Specific Terms), the Calculation Agent will determine the amount that is payable as a result of that correction, and, to the extent necessary, will adjust the terms of the Notes to account for such correction.

2. Amendment to Part 2 V. Hedging Disruption, Increased Cost of Hedging, Insolvency Filing and consequences – Change in Law and consequences

Part 2 V. "*Hedging Disruption, Increased Cost of Hedging, Insolvency Filing and consequences – Change in Law and consequences*" is deleted and replaced as follows:

V. Insolvency Filing and consequences

Insolvency Filing means, in respect of Notes that have one or more Share(s), ADR(s) or Dividend(s) as Underlying(s) that the Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Company shall not be deemed an Insolvency Filing.

In case of the occurrence of an Insolvency Filing relating to a Share, an ADR or Dividend(s) (the **Affected Underlying**), the Calculation Agent may:

- (A) replace the Affected Underlying by a new underlying which is representative of the same economic or geographic sector and which, in the case of an SGI Index, will be a Similar Index; or

- (B) if the Calculation Agent has not replaced the Affected Underlying by a new underlying, then the amount payable by the Issuer on the Scheduled Maturity Date will be the Modified Redemption Amount (as defined in paragraph 23 (*Final Redemption Amount*) of the Issue Specific Terms).

USE OF PROCEEDS

The net proceeds of the Notes will be used to enter into the Swap Agreement and the Deposit Agreement in connection with the Notes.

DESCRIPTION OF CODEIS SECURITIES SA

Information relating to Codeis Securities SA

General

The Issuer was incorporated in the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*) with unlimited duration on 27 February 2008 under the name Codeis Securities SA and is registered with the Luxembourg trade and companies register under number B.136.823. The Issuer was established as a regulated securitisation undertaking under the Securitisation Act 2004 in order to offer securities in accordance with the provisions of such act and is authorised and supervised by the CSSF.

The Articles of Incorporation of the Issuer were published in the *Mémorial, Recueil des Sociétés et Associations* on 4 April 2008, number C829 on page 39754.

The registered office of the Issuer is at 15, boulevard Prince Henri, L-1724 Luxembourg.

The telephone number of the Issuer is +352 27 85 25.

The authorised share capital of the Issuer is EUR 1,000,000,000. The subscribed share capital of the Issuer amounts to EUR 909,090.91 divided into 90,908,090 class O shares (the "**Class O Shares**"), 1,000 class P shares (the "**Class P Shares**") and 1 class T share, in registered form without a par value (the "**Class T Share**" and, together with the Class O Shares and the Class P shares, the "**Issuer Shares**"), all of which are fully paid. The issued Class O Shares and Class P Shares are held by Societe Generale and the Class T Share is held by the Trustee. Each Issuer Share is entitled to one vote. Societe Generale therefore has majority voting rights and accordingly direct control over the Issuer.

It is important to note that a resolution of the extraordinary general meeting of the shareholders of the Issuer regarding (1) the dissolution of the Issuer or (2) the amendment of the Issuer's Articles of Incorporation is validly adopted only if such dissolution or such amendment (as the case may be) has been approved by the holder of the Class T Share.

All Class P Shares and all related rights and assets (including the monies paid for the subscription of the Class P Shares and any share premium relating thereto (the "**Subscription Monies**")) and the assets purchased with the Subscription Monies are allocated to the Category X Compartment.

Principal activities of the Issuer

The principal activities of the Issuer are those which are set out in the Issuer's corporate objects clause, which is clause 4 of the Articles of Incorporation.

The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. The Issuer has been established as a special purpose entity for the purpose of issuing asset backed securities.

The Issuer may acquire or assume, directly or through another entity or vehicle, the risks relating to the holding or ownership of claims, structured deposits, receivables and/or other goods, structured products relating to commodities or assets (including securities of any kind), either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities (*valeurs mobilières*) of any kind whose value or return is linked to these risks. The Issuer may assume or acquire these risks by acquiring, by any means, claims, structured deposits, receivables and/or other goods, structured products relating to commodities or assets, by guaranteeing the liabilities or commitments of third parties or by binding itself in any other way. The method that will be used to determine the value of the securitised assets will be set out in the relevant issue documentation proposed by the Issuer.

The Issuer may, within the limits of the Securitisation Act 2004, proceed, so far as they relate to securitisation transactions, to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by

sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings and exchangeable or convertible securities) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto, and (iii) the ownership, administration, development and management of a portfolio of assets (including, among other things, the assets referred to in (i) and (ii) above) in accordance with the provisions of the relevant issue documentation.

The Issuer may, within the limits of the Securitisation Act 2004 and for as long as it is necessary to facilitate the performance of its corporate objects, borrow in any form and enter into any type of loan agreement. It may issue notes, bonds (including exchangeable or convertible securities and securities linked to an index or a basket of indices or shares), debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities, including under one or more issue programmes. The Issuer may lend funds including the proceeds of any borrowings and/or issues of securities, within the limits of the Securitisation Act 2004 and provided such lending or such borrowing relates to securitisation transactions, to its subsidiaries or affiliated companies or to any other company.

The Issuer may, within the limits of the Securitisation Act 2004, give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of those assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Issuer. The Issuer may not pledge, transfer, encumber or otherwise create security over some or all of its assets or transfer its assets for guarantee purposes, unless permitted by the Securitisation Act 2004.

The Issuer may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions for as long as such agreements and transactions are necessary to facilitate the performance of the Issuer's corporate objects. The Issuer may generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The Board is entitled to create one or more compartments (within the meaning of article 62 of the Securitisation Act 2004 and representing the assets of the Issuer relating to an issue by the Issuer of shares or debt securities), in each case, corresponding to a separate part of the Issuer's estate and constituting each either a Category A Compartment or a Category B Compartment or the Category X Compartment. A category A Compartment will be referred to as Compartment A (including the relevant individual identification number), a Category B Compartment will be referred to as Compartment B (including the relevant individual identification number) and the Category X Compartment will be referred to as Compartment X.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects of the Issuer shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumerated objects.

In general, the Issuer may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects to the largest extent permitted under the Securitisation Act 2004.

Capitalisation

As of the date of this prospectus, the capitalisation of the Issuer is comprised of 90,909,091 issued shares.

The following table sets out the equity of the Issuer as at 31 December 2016.

EQUITY	
Subscribed Capital	EUR 909,091
Legal Reserve	EUR 90,909
Loss brought forward	EUR 43,388

Gain / (Loss) for the current financial year	EUR 95,938
Total Shareholder Equity	EUR 1,052,550

Indebtedness

As at 31 December 2016, the Issuer has total indebtedness equivalent to EUR 8,124,833,784 including amounts owed to credit institutions and other creditors (including note and warrant holders).

Material Adverse Change

There has been no material adverse change in the financial position or prospects of Codeis Securities SA since its last audited financial statements dated 31 December 2016.

Administration, Management and Supervisory Bodies

The chairman and the directors of the Issuer are as follows:

<i>Chairman</i>	<i>Business address</i>	<i>Principal outside activities</i>
Matthieu Fortin	10, Bishops Square E1 6EG, London England	Employee of Societe Generale
<i>Directors</i>	<i>Business address</i>	<i>Principal outside activities</i>
Patrick Vincent	11, avenue Emile Reuter L-2420 Luxembourg Luxembourg	Employee of Societe Generale Bank & Trust
Sophie Robatche-Claive	Tour Societe Generale 17 cours Valmy 92987 Paris La Défense France	Employee of Societe Generale
Benoit Caillaud	15, rue Edward Steichen L-2540 Luxembourg Luxembourg	Employee of Vistra (Luxembourg) S.a.r.l.
Olivier Renault	11, avenue Emile Reuter L-2420 Luxembourg Luxembourg	Employee of Societe Generale Bank & Trust
Yves Cacclin	11, avenue Emile Reuter L-2420 Luxembourg Luxembourg	Employee of Societe Generale Bank & Trust

Each of the directors confirms that there is no conflict of interest between his or her duties as a director of the Issuer and his or her private interests and/or other duties.

Pursuant to a novation agreement between the Issuer, Société Générale Bank & Trust and Societe Generale Securities Services Luxembourg dated 20 November 2014, Société Générale Bank & Trust replaced Societe Generale Securities Services Luxembourg as administrative and corporate agent of the Issuer under the administrative and corporate agent agreement dated 1 September 2008 originally entered into between Societe Generale Securities Services Luxembourg and the Issuer. Accordingly, with effect from 1 August 2014, Société Générale Bank & Trust is the administrative and corporate agent of the Issuer (the "**Corporate Services Agent**"). The Corporate Services Agent will perform in Luxembourg certain administrative and corporate agent services. In consideration of the foregoing, the Corporate Services Agent will receive an annual fee out of the net assets of the Issuer, as agreed by the parties and detailed in a separate letter. The appointment of the Corporate Services Agent may be terminated, in principle, by either the Issuer or the Corporate Services Agent upon not less than 90 calendar days' prior notice.

No corporate governance regime to which the Issuer would be subject exists in Luxembourg as at the date of this Prospectus.

Financial Statements

The financial year of the Issuer is the calendar year, save that the first financial year was from the date of incorporation to 31 December 2008. The Issuer has approved and deposited with the Luxembourg trade and companies register audited financial statements in respect of the period ending on 31 December 2016. These financial statements have been audited by Deloitte Audit S.à r.l and are incorporated by reference into this Prospectus (please see the section headed "*Documents Incorporated by Reference*").

In accordance with articles 72, 74 and 75 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended, the Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders. The ordinary general meeting of shareholders takes place annually on the twenty-first of April or, if such day is not a business day for banks in Luxembourg, the next following business day in Luxembourg at 11.30 a.m. at the registered office of the Issuer or at such other place in Luxembourg as may be specified in the convening notice.

The financial statements in respect of the period ending on 31 December 2016 and any future published annual audited financial statements prepared for the Issuer will be obtainable free of charge from the specified office of the Paying Agents and the Issuer, as described in the section headed "*General Information*".

Independent Auditor

For the financial years ending on 31 December 2015 and on 31 December 2016, the annual accounts of Codeis Securities SA were audited by Deloitte Audit S.à r.l., 560 rue de Neudorf, L-2220 Luxembourg, Luxembourg.

Deloitte Audit S.à r.l. has the status of *réviseurs d'entreprises agréés* and belongs to the Luxembourg institute of auditors (*Institut des réviseurs d'entreprises*).

The independent auditor of Codeis Securities SA has no material interest in Codeis Securities SA.

DESCRIPTION OF SOCIETE GENERALE

Societe Generale is incorporated in France and has its registered address at 29 Boulevard Haussmann 75009 Paris, France. It is registered in the Registre du Commerce et des Sociétés of Paris under number 552 120 222 RCS Paris. Its administrative offices are at Tour Societe Generale, 17 Cours Valmy, 92972 Paris-La Défense, France. Its telephone number is +33 (0)1 42 14 20 00.

Societe Generale is a limited liability corporation (société anonyme) established under French law and having the status of a bank. Societe Generale was incorporated in France by deed approved by the decree of 4 May 1864. The company will expire on 31 December 2047, unless it is wound up or its duration extended.

Under the legislative and regulatory provisions relating to credit institutions, notably the articles of the French Monetary and Financial Code that apply to them, Societe Generale is subject to the commercial laws, in particular articles L. 210-1 and following of the French Commercial Code as well as its current by-laws.

The purpose of Societe Generale is, under the conditions determined by the laws and regulations applicable to credit institutions, to carry out with individuals or legal entities, in France or abroad:

- all banking transactions;
- all transactions related to banking operations, including in particular, investment services or related services referred to in articles L. 321-1 and L. 321-2 of the French Monetary and Financial Code;
- all acquisitions of interests in other companies.

Societe Generale may also, on a regular basis, as defined in the conditions set by the French Financial and Banking Regulation Committee, engage in all transactions other than those mentioned above, including in particular insurance brokerage.

Generally, Societe Generale may carry out, on its own behalf, on behalf of a third-party or jointly, all financial, commercial, industrial or agricultural, security or property transactions, directly or indirectly related to the above-mentioned activities or likely to facilitate their accomplishment.

Societe Generale is one of the leading financial services groups in Europe. Based on a diversified and well-balanced banking model, the Group combines financial strength with a strategy of sustainable growth, putting its resources to work to finance the economy and its clients' plans.

With a solid position in Europe and a presence in countries with strong potential, the Group's 145,700 employees in 67 countries support 31 million individual clients, large corporates and institutional investors worldwide by offering a wide range of advisory services and financial solutions. The Group is built on three complementary core businesses:

- French Retail Banking, which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with multi-channel products at the cutting edge of digital innovation;
- International Retail Banking, Insurance and Financial Services to Corporates, with networks in developing regions and specialised businesses that are leaders in their markets;
- Corporate and Investment Banking, Private Banking, Asset Management and Securities Services, which offer recognized expertise, key international positions and integrated solutions.

Societe Generale is included in the main socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (Europe, Eurozone and France), ESI Excellence (Europe) – Ethibel and four of the STOXX ESG Leaders indices and in MSCI Low Carbon Leaders Index. Société Générale has securities admitted to trading on the regulated market of Euronext Paris.

Further information can be found at the following website: www.societegenerale.com. The information contained on such website does not form part of this Prospectus.

DESCRIPTION OF BANQUE NAGELMACKERS S.A.

Information included in this Prospectus in relation to Banque Nagelmackers S.A. has been extracted from the website of Banque Nagelmackers S.A. and informations communicated to the Issuer by Banque Nagelmackers S.A. at the date of this Prospectus. The Issuer has not attempted, and will not attempt, to verify the accuracy of such reproduced information and gives no assurance as to, and takes no responsibility for, its reliability. Investors should conduct their own inquiries and form their own judgements regarding the same. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published on its website or communicated by Banque Nagelmackers S.A., no facts have been omitted which would render the reproduced information inaccurate or misleading.

Banque Nagelmackers S.A. operates in Belgium and provides its customers with a broad range of products and services, including personal banking, private banking and asset management. The focus lies on relationship banking for affluent clients. Banque Nagelmackers' objective is to deliver a quality offering for clients looking for "value for money". To achieve the cost, income and return on equity objectives, Banque Nagelmackers has implemented strict risk and portfolio management procedures.

Banque Nagelmackers S.A. has the status of an authorized credit institution (Banking Law of 25.04.14) in Belgium and is supervised by the National Bank of Belgium.

The bank became a direct wholly owned subsidiary of Anbang Belgium Holding nv on 22 July 2015 following the sale of the bank by Delta Lloyd nv.

Anbang Belgium Holding nv forms part of Anbang Insurance Group. Established in 2004 and headquartered in Beijing, Anbang Insurance Group is a leading insurance company in China with more than 30,000 employees and over € 120 billion in assets. It has a network presence in 31 provinces and autonomous regions in China, with 3,000 outlets covering over 20 million customers. It provides a comprehensive range of financial and insurance services and products including life insurance, property and casualty insurance, health insurance, pensions, insurance brokerage, insurance sales, banking, securities, financial leasing and asset management.

Banque Nagelmackers S.A. was formerly known as Delta Lloyd Bank S.A. and before that as Bankunie nv founded on 18 June 1966 as a *societe anonyme* and its current form is the result of the acquisitions of Bank van Limburg CVBA in 2001 and part of Bank Nagelmackers 1747 NV in 2002.

In 2005, Bank Nagelmackers 1747 NV fully merged with Delta Lloyd Bank. After operating under the name of Delta Lloyd Bank for more than a decade the bank changed her name to Bank Nagelmackers on 5 October 2015.

Banque Nagelmackers S.A. is a company incorporated in Belgium. The address of Banque Nagelmackers S.A. is Avenue de l'Astronomie 23, 1210 Brussels, Belgium, with its registered number being BE 0404.140.107 and its telephone number being 02 229 76 00.

For the financial years ended 31 December 2015 and 31 December 2016 respectively, the financial statements contained in the 2015 Nagelmackers Consolidated Annual Report and the 2016 Nagelmackers Consolidated Annual Report respectively were audited by Ernst & Young, De Kleetlaan 2, 1831 Diegem (Brussels), Belgium. Ernst & Young has the status of *réviseurs d'entreprises* and belongs to the Belgium institute of auditors (*Institut des réviseurs d'entreprises*).

To the best of the knowledge of Codeis Securities SA, there has been no material adverse change in the prospects, and no significant change in the financial or trading position of the bank since its last published audited financial statements contained in the 2016 Nagelmackers Consolidated Annual Report for the financial year ending 31 December 2016.

To the best of the knowledge of Codeis Securities SA, Banque Nagelmackers has not been involved in any governmental litigation or arbitration proceedings in the 12 months preceding the date of this Prospectus which may have, or have had, in such period a significant effect on the financial position or profitability of the obligor.

The members of the Board of Directors of Banque Nagelmackers S.A. are as follows:

Position	Name	Main Business Address	Principal/Other outside activities (to the extent currently known by Banque Nagelmackers S.A.)
President:	Mme. Xiaowei WU	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none"> • Chairman of the Board of Directors Anbang Asset Management Co., Ltd., 6-111-TA, No. 111 Songlin Road Pudong New District Shanghai P.R. China • Chairman of the Executive Committee Anbang Belgium Holding Sterrenkundelaan 23 1210 Brussel • Director Fidea nv Van Eycklei 14 2018 Antwerpen • Director VIVAT nv Croeselaan 1 3521 BJ Utrecht
Members:	M. Dashu ZHU	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none"> • Chairman of the Executive Committee of Banque Nagelmackers S.A.
	M. Aymon DETROCH	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none"> • Member of the Executive Committee of Banque Nagelmackers S.A.
	M. Bart GUNS	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none"> • Member of the Executive Committee of Banque Nagelmackers S.A.
	M. Zhijun YUAN	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none"> • Member of the Executive Committee of Banque Nagelmackers S.A.
	M. Lan TANG	VIVAT Croeselaan 1 3521 BJ Utrecht Belgium	<ul style="list-style-type: none"> • Chairman of the Board of Directors Fidea nv Van Eycklei 14 2018 Antwerpen • Director

M. Michel VAN HEMELE	RUBUS S.A. C. Dereymaekerlaan 43 3080 Tervuren	VIVAT nv Croeselaan 1 3521 BJ Utrecht <ul style="list-style-type: none">• Managing Director of Rubus S.A. Avenue Constant Dereymaeker 43 3080 Tervueren• Director of Derey gvc Avenue Constant Dereymaeker 43 3080 Tervueren Through its position as Director of Rubus S.A. <ul style="list-style-type: none">• Director of Essensys S.C.R.L.• Chairman Board of Directors of Essensys Operational Excellence S.A.• Chairman of Essensys SAS• Director of Essensys Partners• Chairman Board of Directors of Duvel Moortgat NV• Chairman Board of Directors of Intys S.A.• Chairman Board of Directors of Intys HR S.A.• Director of Intys Partners S.A.• Managing Director of Talentus S.A.• Chairman Board of Directors of Plus Uitzendkrachten S.A.• Chairman Board of Directors of Plus Uitzendkrachten S.A.• Managing Director of Bekina
M. Hui GUO	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none">• Member of the Executive Committee of Banque Nagelmackers S.A.

M. Timothy ROONEY	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none">• Director of Anbang Belgium Holding nv, Sterrenkundelaan 23, 1210 Brussels• Director of TSR Solutions, Schaderhohlweg 12, D- 61462, Koenigstein, Germany
M. Simon OAKLAND	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none">• Director of Anbang Belgium Holding nv, Sterrenkundelaan 23, 1210 Brussels• Director of Luxury For Less Ltd (ta Bath Empire) Online Sanitary Ware, Attleborough House Townsend Drive Attleborough Fileds, Ind., CV11 6RUUK Warwickshire, United Kingdom• Director of Wolseley (group Services) Limited, Parkview 1220, Arlington Business Park, Theale, RG7 4GAUK Reading, United Kingdom• Director of Zainzuck Limited, Albion Place, UK Northampton, United Kingdom
M. Patrick NIJS	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none">• Chairman of the Board of Directors of CEBCCK, People's Commune of YuanZiCun LaoZhuanDi, 654111Kunming China
Secretary: M. Martin BRICHET	Banque Nagelmackers Avenue de l'Astronomie 23, 1210 Brussels Belgium	<ul style="list-style-type: none">• Employee of Banque Nagelmackers S.A.

Each of the directors has confirmed that there is no conflict of interest between his duties as a director of Banque Nagelmackers S.A. and his principal and/or other outside activities (including private interests).

The Management Committee comprises the following persons:

Position	Name
President:	M. Dashu ZHU
Members:	M. Aymon DETROCH M. Bart GUNS M. Hui GUO M. Zhijun YUAN
Secretary:	M. Martin BRICHET

TAXATION

The statements herein regarding taxation are based on the laws in force as of the date of this Prospectus and are subject to any changes in law. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and it is not intended to be, nor should it be construed to be, legal or tax advice. Each prospective holder or beneficial owner of Notes should consult its tax adviser as to the effect of the state, local or foreign laws, including the tax laws of Luxembourg and Belgium, as applicable, of any investment in or ownership and disposition of the Notes.

1. LUXEMBOURG

The statements herein regarding withholding tax considerations in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Prospectus and are subject to any changes in law.

The following information is of a general nature only, is not intended to be, nor should it be construed to be, legal or tax advice, and does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject and as to their tax position, as a result of the purchase, ownership and disposal of the Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

1.1. *Withholding Tax*

1.1.1 *Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force, there is no Luxembourg withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of the Notes.

1.1.2 *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no Luxembourg withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by Luxembourg resident holders of the Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

2. BELGIUM

Set out below is an overview of certain Belgian tax consequences of acquiring, holding and selling the Notes. This overview is not intended to be an exhaustive description of all relevant Belgian tax considerations and investors should consult their own tax advisers regarding such considerations in relation to their own particular circumstances. The description of certain Belgian taxes set out below is for general information only and does not purport to be comprehensive. In particular, it does not cover the situation of non-residents nor the tax treatment of securities which may be received upon repurchase or settlement of the Notes.

This overview is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this Prospectus and remains subject to any future amendments, which may or may not have retroactive effect.

2.1 Belgian income tax

For Belgian income tax purposes, interest includes (i) periodic interest income, (ii) any amounts paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not at maturity, or upon purchase by the Issuer), and (iii) if the Notes qualify as fixed income securities pursuant to Article 2, §1, 8° of the Belgian Income Tax Code, in case of a sale of the Notes between interest payment dates to any third party, excluding the Issuer, the pro rata of accrued interest corresponding to the detention period.

Any payment of interest (as defined by Belgian tax law) on the nOtes made through a paying agent in Belgium will in principle be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30%.

2.1.1 Structured Notes

On 25 January 2013, the Belgian tax authorities issued a circular letter on the Belgian tax treatment of income from structured securities characterised by an uncertain return on investment due to the variation of the coupons or the repayment terms at maturity, such as securities whose return is linked to the evolution of underlying products. According to the circular letter, the transfer of structured securities to a third party (other than the Issuer) results in taxation as interest income of the "pro rata interest", calculated on an unclear formulae. In addition, any amount paid in excess of the initial issue price upon redemption or repayment of the structured securities is considered as interest for Belgian tax purposes. It is highly debatable whether the circular letter is in line with Belgian tax legislation. Furthermore, it is unclear whether the Belgian tax authorities will seek to apply the principles set out in the circular letter to the structured Notes (the "**Structured Notes**"). It is assumed that any gains realised upon redemption or repayment by the Issuer will indeed be viewed as interest by the Belgian tax authorities (and any such gains are therefore referred to as "interest" for the purposes of the following paragraphs), but that the effective taxation of the "pro rata interest" in case of sale to a third party (ie other than the Issuer) would not be possible, on the basis that it is currently impossible to determine the amount of the "pro rata interest".

2.1.2 Repayment or redemption by the Issuer

Belgian resident individuals

Belgian resident individuals, (ie, individuals subject to Belgian personal income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*"), who are holding the Structured Notes as a private investment are subject to the following tax treatment with respect to the Structured Notes in Belgium. Other rules may be applicable in special situations, in particular when Belgian resident individuals acquire the Structured Notes for professional purposes or when their transactions with respect to the Structured Notes fall outside the scope of the normal management of their own private estate.

Payments of interest on the Structured Notes made through a paying agent in Belgium will in principle be subject to a 30% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Structured Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

Nevertheless, Belgian resident individuals may elect to declare interest on the Structured Notes in their personal income tax return. Also, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. Interest income which is declared this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, whichever

is more beneficial) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the personal income tax liability.

Belgian resident companies

Belgian resident companies (ie, companies subject to Belgian corporate income tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*")), are subject to the following tax treatment with respect to the Structured Notes in Belgium.

Interest received by Belgian resident companies on the Structured Notes will be subject to Belgian corporate income tax at the applicable corporate income tax rates (the ordinary corporate income tax rate is 33.99%, but lower rates apply to small income companies under certain conditions). If the income has been subject to a foreign withholding tax, a foreign tax credit will be applied on the Belgian tax due. For interest income, the foreign tax credit is generally equal to a fraction where the numerator is equal to the foreign tax and the denominator is equal to 100 minus the rate of the foreign tax, up to a maximum of 15/85 of the net amount received (subject to some further limitations). Capital losses are in principle tax deductible.

Interest payments on the Structured Notes made through a paying agent in Belgium are in principle be subject to a 30% withholding tax, but can under certain circumstances be exempt from Belgian withholding tax, provided that certain formalities are complied with. For zero or capitalisation bonds, an exemption will only apply if the Belgian company and the Issuer are associated companies within the meaning of article 105, 6° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code. The withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Belgian non-profit legal entities

Belgian non-profit legal entities (ie, legal entities subject to Belgian tax on legal entities ("*Rechtspersonenbelasting*" / "*Impôt des personnes morales*")), are subject to the following tax treatment with respect to the Structured Notes in Belgium.

Payments of interest on the Structured Notes made through a paying agent in Belgium will in principle be subject to a 30% withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the Belgian non-profit legal entity itself is responsible for the deduction and payment of the 30% withholding tax.

2.1.3 *Sale to a third party*

No Belgian withholding tax should apply to the Structured Notes.

Belgian resident individuals

Belgian resident individuals are currently not liable to Belgian income tax on the capital gains (if any) realised upon disposal of the Structured Notes to a third party, provided that the Structured Notes have not been used for their professional activity and that the capital gain is realised within the framework of the normal management of their private estate. Capital losses realised upon disposal of the Structured Notes held as a non-professional investment are in principle not tax deductible.

However, capital gains on the Structured Notes may be subject to a 33% Belgian income tax (plus local surcharges) if they are deemed to be speculative or outside the scope of the normal management of a private estate. Capital losses arising from such transactions are not tax deductible.

Capital gains realised upon transfer of Structured Notes held for professional purposes are taxable at the ordinary progressive income tax rates (plus local surcharges), except for Structured

Notes held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the Structured Notes incurred by Belgian resident individuals holding the Structured Notes for professional purposes are in principle tax deductible.

Belgian resident companies

Belgian resident companies are liable to Belgian corporate income tax on the capital gains (if any) realised upon disposal of the Structured Notes to a third party, irrespective of whether such Structured Notes relate to shares or other assets or indices. The current standard corporate income tax rate in Belgium is 33.99%.

Capital losses realised upon disposal of the Structured Notes are in principle tax deductible.

Belgian non-profit legal entities

Belgian non-profit legal entities are currently not liable to Belgian income tax on capital gains (if any) realised upon disposal of the Structured Notes to a third party.

Capital losses realised upon disposal of the Structured Notes are in principle not tax deductible.

2.1.4 *Other Notes*

The following summary describes the principal Belgian withholding tax considerations with respect to Notes other than Structured Notes.

For Belgian tax purposes, periodic interest income and amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date) are qualified and taxable as "interest". In addition, if the Notes qualify as fixed income securities within the meaning of article 2, §1, 8° of the Belgian Income Tax Code, in case of a realisation of the Notes between two interest payment dates, an income equal to the pro rata of accrued interest corresponding to the holding period is also taxable as interest.

For the purposes of the following paragraphs, any such gains and accrued interest are therefore referred to as interest.

Belgian resident individuals

Belgian resident individuals who hold the Notes as a private investment, are in Belgium subject to the following tax treatment with respect to the Notes. Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 30% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

Nevertheless, Belgian resident individuals may elect to declare interest on the Structured Notes in their personal income tax return. Also, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. Interest income which is declared this way will in principle be taxed at a flat rate of 30% (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, whichever is more beneficial) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the income tax liability.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless the

capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Belgian resident companies

Interest derived by Belgian resident companies on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax at the applicable corporate income tax rates (the ordinary corporate income tax rate is 33.99%, but lower rates apply to small income companies under certain conditions). If the income has been subject to a foreign withholding tax, a foreign tax credit will be applied on the Belgian corporate income tax due. For interest income, the foreign tax credit is generally equal to a fraction where the numerator is equal to the foreign tax and the denominator is equal to 100 minus the rate of the foreign tax, up to a maximum of 15/85 of the net amount received (subject to some further limitations). Capital losses are in principle tax deductible.

Interest payments on the Notes made through a paying agent in Belgium are in principle be subject to a 30% withholding tax, but can under certain circumstances be exempt from Belgian withholding tax, provided that certain formalities are complied with. For zero or capitalisation bonds, an exemption will only apply if the Belgian company and the Issuer are associated companies within the meaning of article 105, 6° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code. The withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

Belgian non-profit legal entities

Payments of interest on the Notes made through a paying agent in Belgium to Belgian non-profit legal entities will in principle be subject to a 30% withholding tax in Belgium, and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the Belgian non-profit legal entity itself is responsible for the declaration and payment of the 30% withholding tax.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined). Capital losses are in principle not tax deductible.

2.2 Tax on stock exchange transactions

The sale and acquisition of the Notes on the secondary market is subject to the Belgian tax on stock exchange transactions ("*Taxe sur les opérations de bourse*" / "*Taks op de beursverrichtingen*") if (i) executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.

The tax is generally due at a rate of 0.09% for debt securities and 0.27% for other securities, on each sale and acquisition separately, with a maximum of EUR 1,300 per taxable transaction for debt securities and EUR 1,600 for other securities. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax purposes, which will liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary.

Exemptions apply for non-residents and certain Belgian institutional investors acting for their own account provided that certain formalities are respected. Transactions on the primary market are not subject to the tax on stock exchange transactions.

As stated above, the European Commission has published a draft Directive for a FTT. The draft directive currently stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed at any time.

3. UNITED STATES

3.1 *Foreign Account Tax Compliance Act*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which (A) with respect to Notes that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register and (B) with respect to Notes that give rise to a dividend equivalent pursuant to section 871(m) of the U.S. Internal Revenue Code of 1986, is 1 July 2017, or which (in each case) are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into agreements with France and Luxembourg (the "**Relevant IGAs**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the Relevant IGAs it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments they make. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking S.A. (together, the “**Specified Clearing Systems**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the Specified Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Specified Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

3.2 *Possible Withholding under Section 871(m) of the U.S. Internal Revenue Code*

Pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the **Section 871(m) Regulations**), generally impose a 30% withholding tax on dividend equivalents paid or deemed paid to a non-United States holder as defined pursuant to Section 871(m) Regulations (a **Non-U.S. Holder**), without regard to any applicable treaty rate, with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (such equities and indices, **U.S. Underlying Equities**). The 30% withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner claims a credit or refund from the United States Internal Revenue Service (the **IRS**) in a timely manner, but the Issuer makes no assessment as to whether any such tax credits will be available to Non-U.S. Holders.

Specifically, Section 871(m) Regulations will generally apply to Notes the pricing date of which occurs from 1 January 2017 that substantially replicate the economic performance of one or more U.S. Underlying Equities as determined by the Issuer on the date for such Notes as of which the expected delta of the product is determined by the Issuer (such date being the “pricing date”), based on tests set out in the applicable Section 871(m) Regulations (for the purposes of the Notice, such Notes are deemed “delta-one” instruments) (the **Specified Notes**). If one or more of the U.S. Underlying Equities are expected to pay dividends during the term of the Specified Note, withholding generally will still be required even if the Specified Note does not provide for payments explicitly linked to dividends. Even where a Note is a Specified Note, no tax should be imposed under Section 871(m) as long as either (1) no dividend is paid with respect to any U.S. Underlying Equity during the term of the Note or (2) both (x) no additional amount is paid to the holder of a Note in respect of any such dividend and (y) as estimated by the Issuer (with the meaning of Treas. Reg. § 1.871-15(i)(2)(iii)) at the time of issuance the amount of all such dividends will be zero. We hereby estimate the amount of dividends to be paid with respect to U.S. Underlying Equities for all periods during the term of the Note to be zero, and thus there should be no tax imposed under section 871(m) on the Note even if one or more dividends are paid with respect to a U.S. Underlying Equity.

A Note linked to U.S. Underlying Equities which the Issuer has determined not to be a Specified Note will not be subject to withholding tax under Section 871(m) Regulations. Moreover, Section 871(m) Regulations provide certain exceptions to this withholding regime, in particular for Notes linked to certain broad-based indices that meet requirements set forth in the applicable regulation pursuant to Section 871 (m) Regulations (**Qualified Indices**) as well as securities that track such indices (**Qualified Index Securities**).

A Note referencing U.S. Underlying Equities issued prior to 1 January 2017 is generally considered out of scope of Section 871(m) Regulations, unless such Note is modified after 1 January 2017 and as a result of any such modification substantially replicates the economic

performance of one or more U.S. Underlying Equities and becomes a Specified Note for the purposes of Section 871(m) Regulations.

The applicable Issue Specific Terms will specify if the Notes are Specified Notes, and, if so, whether the Issuer or its withholding agent will withhold tax under Section 871(m) Regulations and the rate of the withholding tax. If the Notes are determined to be Specified Notes, a Non-U.S. Holder of such Specified Notes will be subject to a 30% withholding tax, without regard to any applicable treaty rate, on dividend equivalents paid or deemed paid.

Investors are advised that the Issuer's determination is binding on all Non U.S. Holders of the Notes, but it is not binding on the IRS and the IRS may therefore disagree with the Issuer's determination, as the Section 871(m) Regulations require complex calculations to be made with respect to Notes linked to U.S. Underlying Equities and their application to a specific issue of Notes may be uncertain. Investors should note that if the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor the withholding agent will be required to gross up any amounts withheld in connection with a Specified Note.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) Regulations to an investment in the Notes.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme.

The publication of this Prospectus has been approved by a circular resolution of the board of directors of the Issuer.

Approval of Prospectus

Application has been made to the CSSF to approve this document as a prospectus for the purposes of article 5.3 of the Prospectus Directive.

Availability of Documents

Copies of the following documents will, when published, be available for inspection during normal business hours from the head office of each of the Trustee, Societe Generale, the Issuer and from the specified office of each of the Paying Agents for the time being in Luxembourg in each case at the address given at the end of this Prospectus:

- (i) copies of the *statuts* of Societe Generale (with English translations thereof), the Articles of Incorporation of Codeis Securities SA and, to the extent publicly available, the articles of association of Banque Nagelmackers S.A.;
- (ii) the Issuer's Annual Financial Statements;
- (iii) the annual audited financial statements of Banque Nagelmackers S.A. for the financial years ended 31 December 2015 as set out in the 2015 Nagelmackers Consolidated Annual Report;
- (iv) the report of the approved independent auditor in respect of Banque Nagelmackers SA consolidated financial statements for the financial year ending 2015 and the report of the approved independent auditor in respect of Banque Nagelmackers SA consolidated financial statements for the financial year ending 2016;
- (v) the Programme Agreement, the Collateral Management Agreement, the Custody Agreement, the Disposal Agency Agreement, the Agency Agreement, the Voting Agency Agreement and the Trust Deed (which includes, *inter alia*, the forms of the Global Notes (including Registered Global Notes)); and
- (vi) a copy of this Prospectus together with any Supplement to this Prospectus, the Base Prospectus, the First Supplement and the Second Supplement and any other documents incorporated herein or therein by reference.

In addition, this Prospectus and any documents incorporated by reference herein as aforementioned will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The english translation of the consolidated annual report of Banque Nagelmackers (ex-Delta Lloyd Bank S.A.) for the financial year ending 2016 (the "**2016 Nagelmackers Consolidated Annual Report**") is set out in this Prospectus. The original dutch version of these documents are available on the following website of the National Bank of Belgium: <http://cri.nbb.be/bc9/web/catalog?execution=e1s1>. The information contained on such website does not form part of this Prospectus.

No Material Adverse Change

There has been no material adverse change in the financial position or prospects of Codeis Securities SA since its last audited financial statements dated 31 December 2016.

No Significant Change

There has been no significant change in the financial or trading position of Codeis Securities SA since its last annual financial statements dated 31 December 2016.

Litigation

Codeis Securities SA is not nor has it been involved in any governmental, legal, arbitration or administrative proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering at least 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on Codeis Securities SA's financial position or profitability, as applicable.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and ISIN for the Notes allocated by Euroclear and/or Clearstream, Luxembourg is contained in the Issue Specific Terms. The address of Euroclear is 1, boulevard du Roi Albert II, B-1210, Brussels, Belgium. The address of Clearstream, Luxembourg is 42, avenue J F Kennedy, L-1855, Luxembourg.

Auditors

For the financial years ending on 31 December 2015 and 31 December 2016, the annual accounts of Codeis Securities SA were audited by Deloitte Audit S.à r.l., 560 rue de Neudorf, L-2220 Luxembourg, Luxembourg. Deloitte Audit S.à r.l. has the status of *réviseurs d'entreprises agréés* and belongs to the Luxembourg institute of auditors (*Institut des réviseurs d'entreprises*).

Codeis Securities SA's accounts have been audited in accordance with generally accepted auditing standards in Luxembourg.

The auditors of Codeis Securities SA have no material interest in Codeis Securities SA.

Post issuance transaction information

The Issuer does not intend to provide post issuance transaction information in relation to any Notes, the performance of the Compartment Assets or any assets underlying the Notes constituting derivative securities, except if required by any applicable laws and regulations.

Post issuance information

The Issuer does not intend to provide post issuance information, except if required by any applicable laws and regulations.

Dealer engaging in business activities with the Issuer

The Dealer and its affiliates have engaged, and may engage in the future, in investment banking and/or commercial banking transactions and/or investment activities with the Issuer or its affiliates and may, in the ordinary course of their business, provide services to the Issuer or its affiliates.

Overview of parties

The Issuer is Codeis Securities SA Its shares are held by Societe Generale S.A. which is the Arranger, Disposal Agent, Compartment Assets Manager, Market Maker, Voting Agent, Calculation Agent, Dealer and Swap Counterparty and by SG Kleinwort Hambros Trust Company (CI) Limited (formerly known as SG Hambros Trust Company (Channel Islands) Limited) which acts as Trustee.

Societe Generale Bank & Trust Luxembourg S.A., which acts as Issuing and Paying Agent, Registrar, Transfer Agent and Exchange Agent, Custodian and Corporate Services Agent and SG Kleinwort

Hambros Trust Company (CI) Limited are all indirectly wholly owned subsidiaries of Societe Generale. Banque Nagelmackers S.A. is the Deposit Counterparty and Authorised Offeror.

BANQUE NAGELMACKERS SA FINANCIAL STATEMENTS 2016

The following pages correspond to the english translation of the consolidated annual report of Banque Nagelmackers (ex-Delta Lloyd Bank S.A. for the financial year ending 2016 (the “2016 Nagelmackers Consolidated Annual Report”).

The original dutch version of this document is available on the following website of the National Bank of Belgium: <http://cri.nbb.be/bc9/web/catalog?execution=e1s1>.

The information contained on such website does not form part of this Prospectus;

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**Bank Nagelmackers nv
Consolidated Annual Report 2016**

BANK NAGELMACKERS

Bank Nagelmackers NV is a public limited company, established in Sterrenkundelaan 23, 1210 Brussels (www.nagelmackers.be). It provides services in the areas of retail, corporate and private banking in Belgium.

Bank Nagelmackers NV is part of Anbang Belgium Holding NV, a company incorporated under Belgian law. The parent company of Anbang Belgium Holding NV is Anbang Insurance Group Co., Ltd.

HIGHLIGHTS

Amounts in KEUR

	2016	2015
Net interest income	68,160	71,669
Dividends (bank Portfolio)	1,670*	5
Net fee & commission income	37,215	35,479
Result from financial transactions	20,037	24,784
Total other income	291	869
Total income	127,373	132,806
Operating expenses	102,514	105,294
Total cost of credit	1,770	4,988
Net Income before tax	23,089	22,524
Tax expense	-7,308	-7,610
Net Income after tax	15,781	14,914
Total assets (ultimo)	6,127,317	6,598,485
Shareholders' equity (ultimo)	455,684	357,806
Number of FTE's (ultimo)	501.1	494.6
Efficiency ratio (%)	80%	79%

* Dividend from Visa Belgium

**REPORT OF THE BOARD OF DIRECTORS
TO THE GENERAL MEETING OF SHAREHOLDERS
BANK NAGELMACKERS NV**

Ladies and Gentlemen,

The (IFRS) net income before tax amounts to +23.1 million euro, which is +3% better than last year. The operating result¹ is +3.1 million euro.

The future will confirm it, but we can probably speak of a break in the trend of the past. By means of a number of management decisions, among other things, that were taken from the middle of 2016 and which related to both the commercial activity and the internal organization, we were able to establish a positive trend in the client portfolios in the fourth quarter. And the results will follow, despite the continuing extremely low interest rates and limited revenues from mismatching, the continued pressure on fee income, and the increasing banking taxes. We may also not forget that Nagelmackers is operating in a saturated and highly competitive Belgian market.

As a member of the Anbang Insurance Group, Nagelmackers aims to evolve into a universal bank. Depending on their needs, we will serve our clients through our branches and agent network, or via the digital channel. Developments are under way in this channel, and will be completed by mid-2017. A first result has already been realised in early 2017: the ability to conclude home loans over the Internet.

The further expansion of Private Banking remains an important pillar for the wealthy clients / prospects. But we want to present ourselves to entrepreneurs as a bank to which they can also turn with their credit needs. While we have mainly focused on home loans for individuals in the past, we also want to provide more investment loans for the self-employed, SMEs and corporate clients.

The bank again met all the solvency and risk-related ratios last year. The cost budget was respected. New projects could be realised / prepared. Our shareholder shows a clear willingness to invest in our Bank in order to become a more important player in the Belgian market.

The Board of Directors would like to thank all employees of the bank for their commitment and their contribution to the result.

¹ The operational result is defined as the net income before taxes, excluding the results coming from financial transactions (investment portfolio, hedge accounting...)

2016: A YEAR WITH 2 FACES

After the launch of the new name in October 2015, it became clear that Nagelmackers is known and recognized as a strong brand in the Belgian market. The new, highly capitalised and ambitious shareholder wants the Bank to expand further, including in breadth. The aim is to become a universal bank in Belgium, with a higher position in the ranking of all the banks operating in Belgium. Growth is therefore the key concept in the strategy that is now being proposed and implemented!

A universal bank that will be able to meet the financial needs of all its active clients in Belgium. In addition to Belgian consumers and businesses, particular attention is also given here to clients who have a link with China. Whether these are young people who come to study in Belgium/Europe, or investors/entrepreneurs who want to start up/expand operations here: within the Anbang Group, Nagelmackers wants to address and support these specific groups. This is, after all, the mission of Anbang: "We want to support our clients in the realization of their dreams".

The bank wants to grow strongly in all areas: firstly, through lending, both to individuals and to corporates. And, as a result, also on- balance sheet investments. But also in wealth management, and in the development of off-balance sheet investments. No real growth was realized in the first six months of 2016, however. Furthermore, the changes in the interest rate, capital and financial markets ensured that the financial results remained under pressure.

A change of course was initiated in mid-2016. We can mention the following here:

- expansion of the lending activity, both by focusing on a broader target group for corporate loans, and through more competitive pricing on home loans
- All the products are offered to all the clients. The existing segmentation is thereby applied more smoothly.
- Use of product campaigns to make it clear that all clients are welcome in our bank.
- Clear communication of the growth ambitions to our commercial staff. This provides additional motivation in order to carry out the commercial tasks for clients and prospects in a more committed manner.
- A new organization was developed, including, among others, the creation of two new departments (Digital Banking, General Office Management)
- Five business lines will be developed within the new organization: retail; private; digital; corporate & institutional; asset management.

The common thread in this non-exhaustive list is the investment in the digital channel. This is important, not only for communicating with our clients, but also for offering products through this channel. Selling home loans over the Internet is a first realisation, and expanding the app to the purchase/sale of investments is a second one.

Thanks to the above initiatives, among others, we have seen a turnaround in the commercial results in the fourth quarter of 2016: growth in all client portfolios! We can say that the building blocks were laid in 2016, and that the "new" Bank Nagelmackers 2.0 was launched. This will ultimately lead to a better (operating) financial result for the Bank. But this will not happen by itself: there is the limited growth of the Belgian and European economy, there is the highly competitive Belgian market. Many (big) banks have launched a programme to reduce costs (with serious consequences for their employees and their sales network). This could be an opportunity for Nagelmackers to realize significant growth. All employees have been given, and understand, the clear message with regard to growth. In order to achieve the objectives of Nagelmackers 2.0, each employee will have to give their very best. Because this is the only way to change Nagelmackers into a cost effective (operational) bank. Hard work, and working together is the guarantee for the future of the Bank and its employees.

COMMERCIAL RESULTS²

The Belgian financial world is very competitive, but, thanks to the high quality of our financial advice and service provision, combined with an attractive pricing during campaigns promoting time deposits and home loans, the Bank also succeeded in realising growth in its major client portfolios in 2016: + 268 million euro in the Premium and Nagelmackers clients. This was achieved with virtually stable client numbers in these segments. This growth was situated above all in the fourth quarter of the year. Outflow of a few institutional clients and of Standard clients resulted in a limited portfolio growth of + 53 million euro at a Bank level.

The total of all client portfolios amounted to 13.4 billion euro. The share of the off-balance sheet investments here is 30%. The loan-to-deposit ratio amounted to 91%.

At the end of 2016, the sales network of the bank included 56 branches and 48 independent agencies. There are 22 so-called consultancy offices within the branch network, where clients can make an appointment with their account manager. The number of independent agents has been reduced by 9 in 2016; among other reasons, this was because some agents could not agree with the new commission scale that the Bank introduced from 1.1.2017.

The discretionary and advisory asset management portfolios for private clients increased by + 13%, or 132 million euro. More clients, who are undoubtedly also satisfied: the returns in the portfolios are among the best in the Belgian market. Our 'value investing' concept is working. And our second innovative concept, the 'all-in' fee, as well. Almost all of our clients in private banking have chosen this formula in the meantime, in which clients pay a fixed fee for the management of their assets and personal follow-up by a private banker. The retrocessions that the bank receives from third parties for the acquisition and retention of external funds are fully passed on to the client.

We lost 2 major mandates in the institutional banking portfolio, but the overall portfolio asset management still amounted to 2.2 billion euro.

Within the off-balance sheet investments as a whole, we realized a production of almost one billion euro in 2016. Investment funds accounted for the lion's share of this production. The demand for investment-linked insurance, on the other hand, remains very limited, but the guaranteed returns otherwise also provide little outflow here.

The total deposit portfolio saw a growth of + 63 million euro. Despite the extremely low interest rates, and consequently a reduced remuneration for the savings account, this portfolio remained virtually stable. Ditto for the highly liquid deposit products (current and short-term deposits). Thanks to a successful commercial campaign for term deposits with maturities of 3 years and more, we were able to record a growth of + 100 million euro in this portfolio. And this despite many term deposits from a campaign in 2011 now reaching maturity.

Loan production in 2016 amounted to 775 million euro, 73% of which was home loans. By means of a successful campaign from the third quarter of the year, a limited production during the first months of the year could be turned around in order to still achieve the annual target. Production that also translated into portfolio growth after a few months. Thanks to this campaign, new clients have also found their way to our bank. The focus remains on production (and growth) in commercial lending. There is also some impetus to reverse the downward trend, however: an adaptation of the credit policy on the one hand, and the decision to attract specialized staff on the other. This should bear fruit from this year onwards. Overall, the total loan portfolio remained stable, while we experienced a small

² Figures and ratio's in the sections 'Commercial results' and 'Financial results' are based on internal management reporting

increase of + 3% within the home loans. The strong production was largely compensated at portfolio level by the contractual repayments, and, especially in the early months of 2016, still a lot of early repayments due to the persistently low interest rates. A considerable part of the approved credits will be realized in early 2017.

FINANCIAL RESULTS

In 2016, Nagelmackers made an IFRS net profit 23.1 million euro before tax, and 15.8 million euro after tax. This last result is +6% better than the result after tax in 2015.

We define the operating result of the Bank as the I.F.R.S. Result before tax, excluding the financial results from the investment portfolio of the Bank and the impact of the hedge accounting and the revaluation of the interest rate swaps. We arrive at +3.1 million euro for 2016. Although a still very limited result, we can still speak of a break in the trend, which must be perpetuated in the coming years.

The costs remain under control, and are slightly better than budgeted. But the revenues, and, in particular the interest margins, remain too low. Market conditions (low interest rates, strong competition) are elements that we cannot control ourselves, but there is only one way out in order to arrive at a better result: growth in the commercial portfolios! The cost/income ratio remains high: 80%. The return on equity³ (after taxes) amounts to 4.2%

Commercial banking product

We saw a small rise in interest rates only towards the end of the year. The very low interest level, in combination with a relatively flat yield curve, led to a decline in the interest margin on the client portfolios of -9.7 million euro. Every month, we see a reduction in the revenues of a loan portfolio that remains stable in volume. New production at low interest rates provides insufficient compensation for early repayments and portfolio decline as a result of the contractual capital repayments. Profitability remains important in the provision of new loans, and is achieved either via the interest margin on the loan, or through the cross-selling in client loans. The cost of the attracted customer deposits remains high. The legal base prescribed for savings accounts does not permit the market interest rate evolution to be calculated into the rate setting. We must set prices within the term deposit portfolio far above the market rate in order to realize production.

The interest margin in the non-client area of the balance sheet increased. On the one hand through the early termination of a subordinated loan from the former shareholder, and on the other through a volume decrease in the portfolio of interest rate swaps. The investment portfolio of the bank remains at the level of previous years. Although the investment policy was broadened, investments in 2016 took place almost exclusively in paper quality (quality sovereigns, or corporates guaranteed by governments), with a relatively low interest rate yield.

In contrast to the interest margin, the commission income from investments increased significantly: + 5%. This is primarily due to the strong growth in our private banking activity. Revenues resulting from this increased by 14%, and reached their highest level ever. The major production in investment funds has also led to a revenue increase of 10%. Like last year, the income from investment insurance decreased sharply once again. This fall is explained by both the very limited production and the amended commission conditions.

³ In the calculation of the cost/income ratio, we take into account all revenues and expenses, except costs linked to impaired loans. The return on equity is equal to the calculation of the ratio result after taxes, divided by the shareholders capital

The proportion of portfolio-related, recurring commissions from investment activity increased to 75%: this trend, which we also observed in previous years, has continued, and is important for ensuring the sustainability of those revenues in the future.

In addition to this commission income on the investment portfolio, income from cross-selling remains important: payment transactions, exchange transactions and custody fees, loans, non-life insurances, exchange.

The total gross commercial banking product decreased by 2% compared to 2015. 61% of this banking product originates from the interest margin, 39% from received commissions.

Financial transactions

Because of the major impact on the financial results of the Bank, micro and macro hedge relationships continue to demand a lot of attention. The macro hedge is intended to cover the interest risk arising from the loan portfolio, and the micro hedges are in relation to the number of bonds in the investment portfolio. The relations are evaluated on a monthly basis, and adjusted if necessary.

The management of these hedging relationships (swaps with respect to the loans and bonds) and the depreciation arising from these due to IFRS rules goes hand-in-hand with the management of the investment portfolio. An effect like "communicating vessels": with declining interest rates, we realize losses on swaps and gains in the investment portfolio, and vice versa. As previously reported, we make use of realized capital gains in the investment portfolio to terminate swaps, among other things, and to thereby reduce the outstanding swap portfolio (which entails high interest costs).

Globally, this active management of the banking and derivatives portfolio ensured a profit impact of + 20 million euro in 2016.

Also, a dividend from VISA (1, 7 million euro) was booked.

Staff and management costs

The staff and management costs remain under control at the bank. Even better, after the significant cost reduction in recent years, we have again seen a decrease of 3.5% in 2016, resulting in 101 million euro.

The staff consisted of 495 FTE at the end of 2016: a reduction of 4 compared to the end of 2015. In the commercial network, a drop in number of employees was largely offset by the recruitment of additional private bankers. In addition, the increasing (complexity of the) rules and reporting continue to require additional investments, not only in people, but also in (ICT) projects in order to enable us to keep up with this irreversible evolution.

The management costs reduced by 9% in comparison with 2015. Marketing costs in this connection reduced significantly. After the investment with regard to the name change in 2015, significantly less has been invested in global brand awareness campaigns. But also within ICT, Facilities and others, less was spent than in 2015, and in comparison to the budget. Unfortunately, these savings were almost completely offset by new and higher banking taxes: +24 % or +2.4 million euro. The proportion of banking taxes compared with the whole of the management costs amounted to 24%: an amount that is proportionally too high for our Bank. After all, the calculations do not take sufficient account of the risk profile and the (retail) activities of the institution.

The commissions paid to independent agents and providers fell by 10% in 2016. There was limited portfolio growth, but mainly in the loan portfolio. By respecting the IFRS rules, the upfront commission is

spread over the duration of the loan, we find that the impact of this is not fully reflected in the costs of this year. Some agents have also stopped working with the Bank.

Impairment loans

The losses due to write-downs on loans were actually much lower than budgeted: the loan loss ratio was 8 basis points. This is by far the best result ever, and is also a very low percentage compared to the Belgian market. The quality of our home and corporate loan portfolios remains good, and the handling of problem cases runs quickly and accurately.

SOLVENCY

A hybrid T1 subordinated loan of 60 million euro was repaid to the former shareholder in April. At the same time, the new shareholder Anbang increased the capital by 90 million euro. Capital amounted to 419 million euro at the end of 2016, and this before adding the profit from the 2016 financial year. This is also the equity, defined narrowly (= Tier I).

The Tier I capital ratio increased to 15.6%, and remains well above the legal requirements (even for Full Basel III implementation). 94% of the capital requirements are linked to lending.

RISKS, UNCERTAINTIES AND RISK POLICY

(Within the meaning of Art. 96 1 and 8 of the Company Code (Wetboek van Vennootschappen))

The bank considers risk management as a critical success factor. In essence, banking means the acceptance and management of risks. The risks are always well considered, and are continuously monitored. The most important risks for our bank are the credit and counterparty risk, the interest rate and liquidity risk, and the operational risk.

A risk framework has been set up within the bank, and periodic reporting regarding the risks takes place internally to both the involved managers and to the executive management and the Board of Directors. This reporting enables the management of the bank to obtain a complete view of the significant risks and to monitor and steer their management.

Credit risk

The starting point for the management of credit risk is the loan policy. This shows what kind of loans we want to provide to which type of clients, and the powers of the credit deciders are also described in detail. Every loan application must be the subject of a documented analysis, and the decision for amounts above 500,000 euro must be taken by a credit committee.

The bank stresses that loans should always be considered in the first place from the usual financial economic criteria, and not just on the basis of a good collateral situation.

More than two-thirds of the loans are mortgage loans to individuals. The many files ensure a wide spread of the risks, whereby good collateral (mortgage registration, possibly in combination with full powers for mortgage establishment) are always present, and a healthy "loan to value" is monitored. A good spread over various economic sectors and the necessary collateral can also be seen in the professional loan portfolio.

A strict system of loan monitoring and review has been implemented for the management of the loan risks. Negative signals from the borrowers can thereby be quickly detected during the term of a loan. All

planned loan reviews could be performed in time in 2016. Following these reviews, measures only had to be taken in a limited number of cases in order to strengthen or secure our collateral position.

The provisions made by the Litigation department in 2016 show once again that the bank has always pursued a cautious acceptance policy.

Risk Management is responsible for reporting and analysing the risk characteristics of the loans at portfolio level. The main elements of this are the status and evolution of the portfolio composition and concentrations, collateral positions, payment arrears, the inflow of new litigation, provisions. There are also the periodic reports of Litigation department regarding the evolution of litigation and pre-litigation. These reports are discussed at the Credit Review Committee, and may lead to an adjustment of the acceptance policy.

Bank portfolio and financial counter-parties

The counter-party risk in the investment portfolio of the bank is restricted in that it mainly consists of quality European government bonds or of institutions guaranteed by the government. The ALM Committee always examines the composition of the investment portfolio, and decides on any measures to be taken. The weekly Treasury Committee then follows this up.

The risk of financial counter-parties with regard to the swaps concluded to hedge the interest rate risk are managed by means of ISDA and CSA agreements. Counter-parties for money market transactions must be approved by the ALM Committee.

Interest rate risk

The bank is exposed to various interest rate risks. The term to maturity of assets is traditionally longer than that of the liabilities, as the bank receives funds in the short term and reinvests in longer term funds. In addition, mortgages loans contain embedded statutory options, such as the possibility of early repayment. Still many clients made use of this possibility in the low interest environment of 2016.

The possible impact of market interest rate fluctuations is monitored by the ALM & Treasury and Risk Management departments, and is discussed at the ALM Committee, which meets monthly. The Management Information Department also provides this committee with the necessary information about the evolution of the interest rate risk relative to the limits used in the bank.

The bank makes use of Riskpro for measuring and monitoring its interest rate risk. On the basis of the submitted maturity records per (sub-)product, Riskpro calculates, among other things, the duration and the net present value of the various portfolios on which the monthly ALM reporting is based. Riskpro is also used to carry out simulations in which parameters such as portfolio growth, maturity, market interest rates and interest margins may be introduced to examine the impact on interest income and the economic value of the bank. A more sophisticated, dynamic model in order to predict early repayments was brought into use in 2016.

With the information received, the ALM Committee can interpret the sensitivity of the bank to unfavourable interest rate movements, and propose the hedging of the interest rate risks where appropriate. The interest rate risk is controlled by adaptations in the fixed income portfolios or by using interest rate derivatives (swaps) so that the interest rate mismatch within the bank complies with the internal limits and with those of the regulator.

Liquidity risk

Bank Nagelmackers is a retail bank that is largely funded through its own network. This funding has the advantage of a good spread of deposits. Furthermore, it became clear in the bank crisis that these deposits mainly remain 'bank faithful', and are more stable than external, market funding.

Since the funding largely consists of deposits of indeterminate maturity, it has been decided to maintain a significant buffer of quickly mobilisable, ECB-eligible bonds in the investment portfolio of the bank as a counterweight. This liquidity buffer can be used for the 'intraday' and 'overnight' lending at the National Bank of Belgium (NBB), and for repos or tenders. The status of the available collateral at the NBB can be consulted continuously.

This liquidity buffer also includes the notes of two securitisations of mortgage loans that the bank has kept on its own books. These securitisations came on their call dates in October 2016 and January 2017, and were replaced by a new securitisation.

The bank largely satisfies the LCR (Liquidity Coverage Ratio) with these buffers. The compliance with the liquidity ratios is always checked when drawing up multi-annual budgets.

The executive management is continuously involved in the liquidity management and the monitoring of the liquidity position through the weekly Treasury Committees. The evolution of the liquidity indicators is reported to the ALM Committee on a monthly basis. Risk Management also periodically analyses the liquidity of the bank based on stress scenarios, and the results of these stress tests are also discussed at the ALM Committee. In order to be able to deal with any stress situation, the bank has a contingency funding plan.

Operational risk

Each department is the initial responsible for monitoring its own operational risks. This is done through control measures such as procedures, functional segregation, and promoting the risk awareness of employees. In order to ensure the quality of the financial reporting, specific controls are used in the accounting and underlying IT processes.

Within the Risk Forum, the heads of various departments meet with Risk Management, Internal Audit, Compliance and Investigations on a monthly basis. Incidents are discussed, and (proactive) actions are taken to prevent them in the future.

REPORT ON INTERNAL CONTROL

Each year, a report on the evaluation of the internal control system (VIC) is delivered to the Board of Directors, the external auditor and the NBB.

The report is based on self-assessments from all departments within the bank, in which they examine what controls are set up and whether they are sufficient to manage the risks involved. Where weaknesses are identified in the internal control system, corrective measures are established, the implementation of which is monitored by Risk Management. A quality control and feedback is carried out on the performed self-assessments by Risk Management, Compliance and Internal Audit.

Within the area of internal control, particular attention was given in 2016 to a further control and embedding of MiFID-compliant investment sales.

CAPITAL MANAGEMENT / ICAAP

The monitoring of the regulatory capital ratios is carried out by the Finance management and reported to the Executive Committee. The drawing up of long-term plans is always accompanied by capital planning.

The bank's own equity consists entirely of Common Equity Tier 1. The subordinated loan of € 60 million was repaid to DLG in 2016, and was replaced by a capital increase of € 90 million by Anbang. The capital ratios calculated according to CRD4 more than meet the minimum requirements, both under the rules of the transition phase and at full implementation.

With regard to ICAAP (Internal Capital Adequacy Assessment Process), the bank has established a process whereby all the risks and their management are evaluated qualitatively and quantitatively, and whereby the economic capital is determined through an internal approach on the basis of stress tests. The ICAAP also demonstrates that the bank has an adequate capital base.

RECOVERY PLAN

In accordance with the regulatory requirements, the bank has drawn up a recovery plan and provided it to the NBB. The recovery plan identifies a number of possible remedial measures to overcome a serious capital and/or liquidity crisis. The impact of these remedial measures in stress situations has been simulated and assessed for effectiveness. A monitoring framework is provided, so that remedial measures can be activated in a timely manner in the case of deteriorating conditions.

DERIVATIVE FINANCIAL INSTRUMENTS

The bank uses IRS to cover the interest rate risk. In addition, the bank has a limited number of forward exchange transactions in the context of transactions with clients that are hedged symmetrically, and are also processed symmetrically in the accounting. The bank does no trading for its own account.

MANDATES

The General Meeting of the Shareholders and the Board of Directors of 10 May 2016 appointed Mr. Dashu Zhu as a new member of the Board of Directors and as the new chairman of the Executive Committee, succeeding Mr. Piet Verbrugge, who retired on 1 March 2016. The Board of Directors thanks Mr. Piet Verbrugge for his enormous commitment to the development of the banking organization and for his valuable contribution to the development of the bank over the last 16 years.

Mr. Koert Verbruggen resigned from the Board of Directors and as a member of the Executive Committee with immediate effect on September 20, 2016.

The Extraordinary General Meeting of the Shareholders and the Board of Directors of 23 November 2016 appointed Mr. Bart Guns as a new member of the Board of Directors and the Executive Committee, with effect from 1 January 2017.

The Extraordinary General Meeting of the Shareholders and the Board of Directors of 14 December 2016 appointed Mr. Zhijun Yuan as a new member of the Board of Directors and the Executive Committee, with effect from 1 February 2017.

The Board of Directors proposes to grant the commissioner and all directors discharge in respect to the exercise of their mandates during and with regard to the financial year 2016.

The Board of Directors has no knowledge of transactions or decisions within the competence of the Board of Directors by which a member of the Board directly or indirectly had a proprietary interest that was in conflict with such decision or transaction.

REMUNERATION POLICY AND COMMITTEE

Decisions regarding the remuneration of the executive directors of the bank are advised by the Remuneration Committee. The committee is made up from among the members of the Board of Directors, and meets as appropriate.

From 31 December 2016, the Remuneration Committee consists of the following three members:

Mr. Lan Tang (chairman of the Remuneration Committee) holds a master's degree in actuarial science and a bachelor degree in engineering. He acquired his broad multidisciplinary knowledge as an actuary and in the insurance sector at the following companies, among others: Government Actuary's Department of UK, Mercer (Hong Kong) Ltd., Ernst & Young (China) Advisory Ltd., and Anbang Life Insurance Co. Ltd. He also holds several mandates as a director (among others, Fidea nv and VIVAT nv).

Ms. Jing Xu holds a master's degree in finance, and a bachelor degree in insurance. She has very wide experience in the audit and insurance sectors (KPMG Huazhen Accounting Firm and Anbang Life Insurance Co. Ltd.). She also holds several mandates as a director (among others, Fidea nv and VIVAT nv).

Mr. Patrick Nijs (independent director within the meaning of Art. 526ter of the Company Code) holds a master's degree in politics and social sciences, and, among other subjects, has also studied international relations and social psychology. He is the Honorary Ambassador of Belgium in China, and is still frequently present in China. He has held senior diplomatic positions in several Asian countries. During his long diplomatic career, he has been a convinced promoter of economic and public diplomacy. He has always been passionate about implementation and integration in numerous international companies, associations and communities. A mandate in a Belgian bank with a Chinese shareholder dovetails seamlessly with this.

In view of the above, the members of the Remuneration Committee meet the competence requirements specified in Art. 30 of the Banking Act of 25 April 2014.

The remuneration policy of the bank has been determined in such way that it is in agreement with the criteria for good governance and the appropriate management of risks, as defined in the Bank Act of 25 April 2014, in the circular letter from the regulator and in the code of conduct of Febelfin, taking the risk profile of the bank into account.

The fixed remuneration of the members of the Executive Committee is reviewed regularly. The significant market trends are thereby studied for this purpose. The remunerations are indexed on an annual basis, in line with the development of the price index that is used to calculate the evolution of remunerations within the Joint Committee 310 for the Belgian banking sector.

The variable remuneration within the meaning of the CBFA Circular Letter 2009_34 is part of the remuneration granted in terms of performance criteria.

AUDIT COMMITTEE

From 31 December 2016, the Audit Committee consists of the following three members:

Mr. Patrick Nijs (chairman of the Audit Committee and independent director within the meaning of Art. 526ter of the Company Code) is a master in political and social science, and has also studied international relations and social psychology. He is the Honorary Ambassador of Belgium in China, and is still frequently present in China. He has held senior diplomatic positions in several Asian countries. During his long diplomatic career, he has been a convinced promoter of economic and public diplomacy. He has always been passionate about implementation and integration in numerous international companies, associations and communities. A mandate in a Belgian bank with a Chinese shareholder dovetails seamlessly with this.

Ms. Jing Xu holds a master's degree in finance, and a bachelor degree in insurance. She has very wide experience in the audit and insurance sectors (KPMG Huazhen Accounting Firm and Anbang Life Insurance Co. Ltd.). She also holds several mandates as a director (among others, Fidea nv and VIVAT nv).

Mr. Ming He holds an MBA in international management, a master's degree in environmental science and a bachelor degree in radioactive mineral geology. He has extensive experience in the investment sector (such as with Parker-Hannifin Corporation and Anbang Asset Management Co., Ltd.) and is a director of various companies (including Anbang Asset Management Co. Ltd., Fidea nv and VIVAT nv).

In view of the above, the members of the Audit Committee as at 31 December 2016, meet the competence requirements specified in Art. 28 of the Banking Act of 25 April 2014.

The Banking Act was amended by the law of 7 December 2016. As a result, and with effect from 31 December 2016, the majority of the members of the Audit Committee must be independent (cf. Article 526 of the Companies Code). In future, the chairman of the Audit Committee will also be appointed by the members of the Audit Committee. This amendment does not bring an end to the current mandates that run until the General Meeting in 2018, but will have to be implemented at that time at the latest. The Board of Directors nevertheless recommends keeping all this in mind if the composition of the Audit Committee has to be changed in 2017.

RISK COMMITTEE

From 31 December 2016, the Risk Committee consists of the following three members:

Mr. Michel Van Hemele (independent director within the meaning of Art. 526ter of the Company Code) is a commercial engineer, and holds a master's degree in commercial and financial sciences, as well as having broad experience in the banking sector (Generale Bank) and as a director of various companies (including Solvus, Carestel, Essensys and Duvel Moortgat).

Mr. Ming He holds an MBA in international management, a master's degree in environmental science and a bachelor degree in radioactive mineral geology. He has extensive experience in the investment sector (such as with Parker-Hannifin Corporation and Anbang Asset Management Co., Ltd.) and is a director of various companies (including Anbang Asset Management Co. Ltd., Fidea nv and VIVAT nv).

Mr. Kevin Shum holds a master's degree in financial analysis and a bachelor degree in law. He already has extensive experience in the legal and investment sectors (United Gain Investment Ltd., Jun He Law Offices, GMF Group Holdings Ltd. and Anbang Group Holdings Co., Ltd.) and as a director of various companies (including Fidea nv and VIVAT nv).

In view of the above, the members of the Risk Committee meet the competence requirements specified in Art. 29 of the Banking Act of 25 April 2014.

NOMINATION COMMITTEE

The Nomination Committee consists of the following three members from 31 December 2016:

Mr. Kevin Shum (chairman of the Nomination Committee) holds a master's degree in financial analysis and a bachelor degree in law. He already has extensive experience in the legal and investment sectors (United Gain Investment Ltd., Jun He Law Offices, GMF Group Holdings Ltd. and Anbang Group Holdings Co., Ltd.) and as a director of various companies (including Fidea nv and VIVAT nv).

Mr. Lan Tang holds a master's degree in actuarial science and a bachelor degree in engineering. He acquired his broad multidisciplinary knowledge as an actuary and in the insurance sector at the following companies, among others: Government Actuary's Department of UK, Mercer (Hong Kong) Ltd., Ernst & Young (China) Advisory Ltd., and Anbang Life Insurance Co. Ltd. He also holds several mandates as a director (among others, Fidea nv and VIVAT nv).

Mr. Michel Van Hemele (independent director within the meaning of Art. 526ter of the Company Code) is a commercial engineer, and holds a master's degree in commercial and financial sciences, as well as having broad experience in the banking sector (Generale Bank) and as a director of various companies (including Solvus, Carestel, Essensys and Duvel Moortgat).

In view of the above, the members of the Nomination Committee meet the competence requirements specified in Art. 31 of the Banking Act of 25 April 2014.

Brussels, 22 March 2017

The Board of Directors

Zhijun Yuan
Chief Financial Officer

Dashu Zhu
Chief Executive Officer

Consolidated annual report BANK NAGELMACKERS

Bank Nagelmackers NV is a public limited company, established in Sterrenkundelaan 23, 1210 Brussels (www.nagelmackers.be). It provides services in the areas of retail, corporate and private banking in Belgium.

Nagelmackers Bank NV is part of Anbang Belgium Holding NV, a company incorporated under Belgian law. The parent company of Anbang Belgium Holding NV is Anbang Insurance Group Co., Ltd.

The issue of the financial statements was authorized by the Board of Directors on March 22, 2017.

CONSOLIDATED INCOME STATEMENT**Amounts in KEUR**

Income		2016	2015
Interest income		143,419	165,606
Interest expense		75,259	93,937
Net interest income	1	68,160	71,669
Dividends	2	1,670	5
Fee & commission income		45,094	44,174
Fee & commission expense		7,879	8,695
Net fee & commission income	3	37,215	35,479
Trading result	4	-7,235	-17,162
Result financial assets	5	27,272	41,946
Result from financial transaction		20,037	24,784
Result sale assets		-159	526
Other income	6	450	343
Total other income		291	869
Total income		127,373	132,806
Expenses		2016	2015
Staff expenses (including provisions HR)		52,433	50,250
Other admin expenses (including provisions Legal)		43,578	49,612
Staff costs & other administrative expenses	7	96,011	99,862
Amortization & depreciation	8	6,503	5,432
Operating expenses		102,514	105,294
Total cost of credit	9	1,770	4,988
Total expenses		104,284	110,282
Net Income before tax		23,089	22,524
Tax expense	10	-7,308	-7,610
Net Income after tax		15,781	14,914
Group results		15,781	14,914
Minority interests		0	2
Net Income		15,781	14,912

COMPREHENSIVE INCOME**Amounts in KEUR**

	2016	2015
Net Income after tax	15,781	14,914
Items that may be reclassified to P&L:		
Unrealised gains (losses) on available-for-sale financial asset	37,583	-7,234
Gain or loss recognized in profit because of sales (realized)	-27,272	-41,954
Gain (losses) on Micro-hedge accounting (booked through P&L)	-13,898	10,010
Other	-535	-461
Deferred tax effects	1,219	13,317
Total	-2,903	-26,322
Items that may not be reclassified to P&L:	0	0
Total Comprehensive income	12,878	-11,408

For disclosures of the statements, please refer to page 156 to 213

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER (BEFORE PROFIT APPROPRIATION)**Amounts in KEUR**

Assets		2016	2015
Cash and centrals bank deposits	11	115,699	277,184
Due from Banks	12	369,064	437,662
Financial assets held for trading	13	160	4,469
Financial assets at fair value through profit or loss	14	0	0
Financial assets available for sale	15	851,283	1,084,678
Loans and advances	16	4,687,029	4,708,259
Intangible assets	17	7,235	5,251
Property and equipment	18	25,800	21,970
Investment property	19	1,858	1,386
Current tax assets	20	0	0
Deferred tax assets	21	12,323	18,112
Other assets	22	54,394	37,028
Owner occupied property held for sale	23	2,472	2,486
Total assets		6,127,317	6,598,485

For disclosures of the statements, please refer to page 156 to 213

Liabilities		2016	2015
Due to banks	24	381,831	880,231
Savings		2,203,335	2,243,024
Other funds entrusted		2,683,128	2,499,396
Funds entrusted	25	4,886,463	4,742,420
Debt securities	26	50,777	155,577
Derivatives not held for hedge accounting		26,577	28,504
Derivatives held for macro hedge accounting		70,129	49,207
Derivatives held for micro hedge accounting		166,765	203,953
Derivatives held for securitization		194	4,644
Financial liabilities held for trading	27	263,665	286,308
Current tax liabilities	20	944	920
Deferred tax liabilities	21	0	0
Other liabilities	28	78,733	101,683
Provisions	29	9,220	9,040
Subordinated debt	30	0	64,500
Issued capital		378,383	288,383
Share premium reserve		12,829	12,829
Available for sale reserve		28,974	31,342
Owner occupied properties reverse		8	8
Defined benefit obligation		-655	0
Other reserves		20,141	10,109
Retained earnings		15,781	14,912
Minority interests		223	223
Shareholders' equity		455,684	357,806
Total liabilities		6,127,317	6,598,485

For disclosures of the statements, please refer to page 156 to 213

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**Amounts in KEUR**

	2016	2015
The equity is composed as follows:		
Issued Capital	378,383	288,383
Share premium reserve	12,829	12,829
Available for sale reserve	28,974	31,342
Owner occupied properties reverse	8	8
Defined benefit obligation	-655	0
Other reserves	20,141	10,109
Retained earnings	15,781	14,912
Minority interests	223	223
Total	455,684	357,806

	Number of shares	Value ordinary shares	Value preference shares	2016
Issued Capital				
Opening balance	56,218	288,383	0	288,383
Mutations	37,782,082	90,000	0	90,000
Closing balance	37,838,300	378,383	0	378,383

	Number of shares	Value ordinary shares	Value preference shares	2015
Issued Capital				
Opening balance	56,218	288,383	0	288,383
Mutations	0	0	0	0
Closing balance	56,218	288,383	0	288,383

Share premium reserve	2016	2015
Opening balance	12,829	12,829
Mutations	0	0
Closing balance	12,829	12,829

For disclosures of the statements, please refer to page 156 to 213

Fixed income instruments available for sale	2016	2015
Opening balance	31,334	57,195
Gains or losses from value changes	38,174	-7,234
Profit or loss transferred to result due to sale	-27,272	-41,954
Profit or loss transferred to result due to micro-hedge	-13,898	10,010
Deferred tax effects	1,018	13,317
Closing balance	29,356	31,334

Shares and non-fixed income instruments available for sale	2016	2015
Opening balance	8	8
Gains or losses from value changes	-591	0
Profit or loss transferred to result due to sale	0	0
Profit or loss transferred to result due to exceptional depreciations	0	0
Deferred tax effects	201	0
Closing balance	-382	8

Available for sale reserve	28,974	31,342
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Owner occupied properties reverse	2016	2015
Opening balance	8	69
Gains or losses from value changes	0	0
Profit or loss transferred to result due to sale	0	-61
Profit or loss transferred to result due to exceptional depreciations	0	0
Deferred tax effects	0	0
Closing balance	8	8

Defined benefit plan	2016	2015
Opening balance	0	0
Remeasurement previous years in OCI	-288	0
Actuarial (-) gains or losses from changes in financial assumptions	-523	0
Other mutations	-120	0
Deferred tax effects	276	0
Closing balance	-655	0

For disclosures of the statements, please refer to page 156 to 213

Other reserves	2016	2015
Opening balance	10,109	1,681
Addition from profit distribution	9,912	8,828
Transfer to retained earnings	0	0
Equity compensation plan	0	-461
Other mutations	120	61
Closing balance	20,141	10,109

Retained earnings	2016	2015
Opening balance	14,912	8,829
Net result	15,781	14,914
Dividend paid	-5,000	0
Addition to other reserves	-9,912	-8,829
Transfer from other reserves	0	0
Transfer to minority interest	0	-2
Closing balance	15,781	14,912

Minority interests	2016	2015
Opening balance	223	221
Minority interest income Unimo Limburg	0	2
Closing balance	223	223

For disclosures of the statements, please refer to page 156 to 213

The result for the year, after dividend, will be fully added to the reserves.

The other reserves (€20.141K) are composed as follows :

Legal reserves (Bank Nagelmackers) :	10,235K
Legal reserves (Unimo Limburg):	306K
Distributable reserves (Bank Nagelmackers) :	71K
Untaxed reserve (Bank Nagelmackers) :	23,137K
Untaxed reserve (Unimo Limburg):	47K
Available reserves (Bank Nagelmackers) :	10,089K
Fund for General Banking Risks:	457K
Internal security fund:	280K
Revaluation gains (begaap)	731K
Minority interest	-140K
<u>Result reserve</u>	<u>-25,071K</u>

Total : 20,141K

Bank Nagelmackers wants to meet its growth objectives and, consequently, in order to meet regulatory requirements, needs to have a solid capital structure. Tier I capital at 31/12/2016 is equal to €418.568K. The common Tier I ratio is equal to 15,57%.

On 31/12/2016 the solvency ratios without profit of the year are (BIII-rules – phase- in):

- Common Tier I = 15,57%
- Tier I = 15,57%
- Solvency ratio = 15,57%

Throughout the financial year, Bank Nagelmackers NV was compliant with the minimum standards imposed by the NBB.

Analyses of the impact of the Basel III rules on solvency evolution show that the bank already meets the stringent requirements for full implementation of Basel III.

For an explanation regarding the risk policies of the bank, we refer to the relevant paragraph in the annual report (unaudited).

CONSOLIDATED CASH FLOW STATEMENT**Amounts in KEUR**

	2016	2015
<u>Operating activities</u>		
Net profit (loss) of the period	15,781	14,914
Adjustments to reconcile net profit or loss to net cash provided by operating activities		
Current and deferred tax recognised in income statement	7,308	7,610
Minority interests	0	0
Investing and financing		
Depreciation / amortization	6,503	5,432
Gains and losses on sale of tangible assets	547	323
Operating		
Impairments		
(Increase) decrease in provisions	180	-115
Gains and losses on cash flow hedges	0	0
Gains and losses on fair-value flow hedges	-9,174	6,607
Gains and losses on financial assets and liabilities held for trading		
Gains and losses on available for sales assets	6,807	-32,468
Gains and losses on financial instruments other than trading	0	100
Share based payments	0	-461
Net defined benefit obligation	-811	
Cash flow from operating profits before changes in operating assets and liabilities	27,141	1,943
(Increase) decrease in operating profits assets (excl. cash & cash equivalents)	253,887	249,884
(Increase) decrease in balances with central banks	0	0
(Increase) decrease in loans and advances to banks	13,539	26,339
(Increase) decrease in loans and receivables	-5,710	-53,012
(Increase) decrease in financial assets available for sale	228,556	188,406
(Increase) decrease in financial assets held for trading	4,310	1,435
(Increase) decrease in financial assets other than trading	0	1,475
(Increase) decrease in accrued income from financial assets	7,442	-171
(Increase) decrease in derivatives, accounting for hedging	26,113	58,692
(Increase) decrease in other assets	-20,362	26,722
Increase (decrease) in operating profits liabilities (excl. cash & cash equivalents)	-509,485	-283,992
Increase (decrease) in deposits from credit institutions	-498,427	-144,204
Increase (decrease) in deposits from other than credit institutions	146,670	18,178
Increase (decrease) in debt certificates	-103,279	-42,349
Increase (decrease) in financial liabilities held for trading	-9,449	16,027

Increase (decrease) in derivatives, accounting for hedging	-13,195	-122,590
Increase (decrease) in accrued expenses on financial instruments	-8,991	-1,399
Increase (decrease) in other liabilities	-22,815	-7,655
Cash flow from operating activities	-228,457	-32,164
Income tax (paid) refunded	0	-45
Net cash flow from operating activities	-228,457	-32,209
<u>Investing activities</u>		
(Cash payments to acquire tangible assets)	-8,808	-7,026
Cash receipts from the sale of tangible assets	0	3,725
(Cash payments to acquire intangible assets)	-4,515	-1,943
(Other cash payments relating to investing activities)		
(Other receipts relating to investing activities)		
Net cash flow from investing activities	-13,323	-5,244
<u>Financing activities</u>		
(Dividends paid)		
Cash proceeds from the issuance of subordinated liabilities		
(Repayment of subordinated liabilities)	-60,000	0
(Other payments relating to financing activities)		
(Other receipts relating to financing activities)		
Net cash flow from financing activities	25,000	0
Net increase in cash and cash equivalents	-216,780	-37,453
Cash and cash equivalents at beginning of the period	642,296	679,750
Cash and cash equivalents at the end of the period	425,517	642,296
Reconciliation of cash and balances with central banks (balance sheet) and cash flow statement		
Cash and cash equivalents	14,600	15,353
Balances with central banks	101,099	261,831
Loans and advances to banks	311,424	366,484
Deposits from credit institutions (call money and current accounts)	-1,607	-1,372
Cash and cash equivalents at the end of the period	425,517	642,296

For disclosures of the statements, please refer to page 156 to 213

OVERVIEW OF THE MOST IMPORTANT PRINCIPLES APPLIED FOR FINANCIAL STATEMENTS

The most important accounting principles applied for the preparation of these financial statements are mentioned below.

(A) Principles used for preparation of financial statements

As a non-listed company, the application to apply IFRS on the consolidated financial statements is derived from the RD of December 5 2004. An institution is obliged to prepare its financial statements in accordance with IFRS, as adopted by the European Union, on a consolidated basis.

The consolidated Financial Statements are prepared in compliance with IFRS, approved by the EU, as applicable for the year ended December 31 2016.

As the accounting treatment of Belgian Defined Contribution plans with a minimum return guarantee has changed as from 2016, these plans are now treated as a Defined Benefit Plans.

Nagelmackers has assessed the impact of IFRS 10, 11 and 12 and the results of this assessment was that there is no impact on the scope of consolidation when applying these standards. B-Arena NV, Unimo Limburg CVBA and Unimo NV are already consolidated.

For the new standards below, Nagelmackers is in the process of analysing the potential impact on the financial statements.

The following IFRS standards were issued but not yet effective for the year ended 31 December 2016. Nagelmackers will apply these standards when they become mandatory:

- Amendments to IFRS 2 *Share-based Payment* - Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- Amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 *Financial instruments* with IFRS 4, effective 1 January 2018
- IFRS 9 *Financial Instruments*, effective 1 January 2018
- IFRS 15 *Revenue from Contracts with Customers*, including amendments to IFRS 15: *Effective date of IFRS 15* and Clarifications to IFRS 15 *Revenue from Contracts with Customers*, effective 1 January 2018
- IFRS 16 *Leases*³, effective 1 January 2019
- Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
- Amendments to IAS 40 *Investment Property* – Transfers of Investment Property, effective 1 January 2018
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*, effective 1 January 2018
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016) effective 1 January 2017 and 1 January 2018

Special disclosure IFRS 9:

After the trainings, organized in 2015 1H, and the impact study, done in 2015 2H (both done together with PWC), the IFRS9 project started begin of 2016.

Finance is the most involved department in this project. In addition, the loan-, risk-,alm- and ict departments are also participating. Furthermore, we work together with an external consultant, who is responsible for the management of the project. He supports Nagelmackers with his know how, not only related to IFRS9, but also related to all accounting – and regulatory reportings. For modelling purposes, most of the work is done in the Finance dept, with a support of an experienced consultancy firm. They also made calculations to know the impact of IFRS9 on our portfolio. This calculations confirmed the results of the impact study done in 2015: the impact on Nagelmackers level of impairment seems to be limited, what is a confirmation that our loan portfolio is well collateralised and has very low losses. Data availability and quality still needs to be improved, but also this exercise showed that enough basic data is already available to comply with IFRS9.

Begin 2016, project management was set up and a project plan was defined. The project management task consists, among others, of defining, allocationg, monitoring and communicating about the staus of the to do list. And also in terms of governance, a structure was set up (incl. steering committee, contact with the future external auditor).

The primary focus is on our loan and investment portfolio, in particular setting up an IFRS9 compliant expected loss model applicable on loans and interest bearing instruments. As Nagelmackers has not implemented an IRB approach to measure the RWA for credit risk exposures, we have to build an expected loss model starting from scratch. Considering the strategic importance, main tasks are linked to modelling the mortgage portfolio of the Bank. Here, we chose an advanced approach for the mortgage loans, an intermediate approach for the other loans.

Concerning the loan portfolio, besides the work that was done in the context of the modelling, a workgroup, consisting of all concerned departments prepared a new definition of default (that will be implemented in the IT systems during 2017 1H), discussed about cure rate, prepayment ratio, definition of loss given default, ... : all elements we have to integrate in the setup of the model and the calculations of the expected credit losses.

We also looked for a tool to do these calculations. Different vendors presented their solution, and the decision will be taken during 2017 1Q. Purpose is to have the results of a first parallel run available end of August 2017.

Besides the work done in the context of the customer loan portfolio, Finance, together with ALM and Risk department, worked on topics linked to the investment portfolio (SPPI test, Business model definition, impairments) and to hedge accounting. A number of decisions were approved during the steering committee of december.

A lot of work already has been done, but still many tasks to realize and so have a better view on the real impact of IFRS9 for our Bank. More concrete, we expect to have a multi factor internal rating model for the mortgages end of 2017 1Q, that all ECL parameters are available end of Q2, that the implementation of the new ECL tool will be finished end of August and that we then have the first financial results. Meanwhile, governance has to be set up, models have to be validated, ...

(B) Use of estimates

In preparing the consolidated financial statements, estimates and judgements are made by Bank Nagelmackers that could affect the reported amounts of the consolidated balance sheet and profit and loss statement, and the valuation of the conditional assets and liabilities as per balance sheet date. These estimates and judgements are based on known facts and circumstances and to a certain extent current best estimates of uncertain future events. These are made to the best knowledge of management, based on historical experience and are continually evaluated. The actual outcomes where estimates have been used may in reality differ significantly from those estimates.

Below are the areas for which there is significant judgement and complexity in the application of the accounting policies or for which estimates and judgements are relevant for the consolidated Financial Statement:

(a) Impairment of loans and advances

At least quarterly, Bank Nagelmackers assesses its credit portfolio for impairments.

This assessment is performed on individual loans level and on a portfolio level for loans on which the individual assessment has shown no impairments.

In determining whether impairment should be recognised in the profit and loss statement, Bank Nagelmackers assesses if there is observable data indicating a measurable decrease of the estimated future cash flows for an individual loan or a portfolio of loans. In determining the estimated recoverability of individual loans, the remaining maturity and the value of the collateral are taken into account. The valuation of the collateral is based on valuation reports and on market knowledge.

For the portfolio approach, indicators may include observable data which shows that a disadvantageous change has occurred in the payment status of borrowers in a portfolio, or that the default rates on assets are closely correlated to national or local economic circumstances.

Management estimates of future cash flows are based on historic loss experience for assets with similar credit risk and objective indicators for impairment with comparable assets within the portfolio. The methodology and judgements applied on the estimated future cash flows, are regularly assessed to reduce the potential differences between the forecasted impairment losses and the actual losses.

(b) Impairment of non-financial assets

For non-financial assets any impairment is determined by estimating the loss based on observable external data, when possible.

(c) Fair value of financial instruments

For financial instruments which are traded on the regulated financial markets, the fair value is based on the quoted market price. The fair value of financial instruments which are not quoted in an active market are determined based on valuation techniques. If valuation techniques (such as the constant value of expected cash flows, (internal) valuation models, the use of quoted market prices or dealer quotes for similar instruments) are used to determine fair value, they are validated and are periodically assessed by independent qualified staff.

(d) Provisions

Provisions are recognised based on the best estimate of expenditure required to settle the present obligation at the end of the reporting period. For the estimate, all elements known at the reporting date of the Financial Statements are taken into consideration. For further details, we refer to the notes.

(C) Principles for consolidation

Subsidiaries

Subsidiaries are all entities which meet the conditions required by IFRS 10.

Under IFRS 10 an investor controls an investee if the following three conditions are met:

- Power over the subsidiary
- Exposure, or rights, to variable returns from the power over the subsidiaries; Meaning that the “investor” is exposed to or has right on the variable (net) results (both positive and negative) from the involvement with “the investee” (subsidiaries)
- The ability to use its power over the investee to affect the variable (net) results; meaning that the “investor” effectively can exercise existing rights to realise (net) revenues

Bank Nagelmackers has established a “Special Purpose Vehicle” of “SPV” for a securitization transaction. This SPV is fully consolidated.

(D) Foreign currency translation

(a) Functional and presentation currency

The consolidated financial statements are presented in thousands euro (EUR), which is Bank Nagelmackers’ functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss. Translation differences on non-monetary assets and liabilities measured at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities classified as available-for-sale financial assets are recognised in other comprehensive income.

(E) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where Bank Nagelmackers currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and the liability simultaneously.

(F) Trade date and settlement date

All purchases and sales of financial assets and liabilities, which need to be settled within the timeframe established by regulation or market convention, are recognised on trade date when Bank Nagelmackers becomes party to the contractual provisions of the instrument.

Forward purchases and –sales which are not settled within the timeframe established by the regulation or a market convention are recognised as derivative forward transactions until the moment of settlement.

Principles for valuation and determination of the results

(G) Interest income and -expense

Interest income and expense are recognised in the profit and loss statement using the effective interest method

The effective interest is a method to calculate the carrying amount of a financial asset or a financial liability and of allocating the interest income and interest expense to 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, Bank Nagelmackers estimates the cash flows by taking into account all contractual provisions of the financial instrument, except future credit losses. In the calculation, all commissions and

fees paid or received by contractual parties that are integral to the effective interest rate are taken into account, as well as transaction costs and all other premiums and discounts.

If there is objective evidence of impairment, a loan is impaired to the present value of the future cash flows, discounted at the original effective interest rate. Thereafter, interest income on impaired loans is recognised based on the interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(H) Commissions and transaction costs

Commissions are generally recognised in the period during which the services have been delivered. Commissions which are a fixed part of the effective interest rate of a financial instrument, are generally treated as an adjustment to the effective interest rate.

More specifically:

- ❖ Management fee: is spread over the period during which management service is provided;
- ❖ Subscription fee: Subscription fees are recognised in the profit and loss statement upon realisation of the transaction;
- ❖ Paid commissions for new production of loans, savings bonds and term accounts (maturity longer than one year) are treated as adjustments to the effective interest rate

Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of equity securities or other securities or the purchase or sale of businesses, are recognised in the profit and loss statement when the transaction has been completed.

Transaction costs are recognised at initial recognition for financial assets and liabilities, with exception of those financial assets and liabilities which are measured at fair value through profit or loss. Transaction costs are the incremental costs that are directly attributable to the acquisition or disposal of a financial asset or liability which includes commissions payable to agents, advisors and brokers.

Principles for valuation of assets and liabilities

(I) Financial assets

Bank Nagelmackers classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

At initial recognition, the financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Bank Nagelmackers has transferred substantially all the risks and rewards of ownership.

(a) Financial assets measured at fair value through profit or loss

This category has two sub categories: financial assets which are held for trading and financial assets which at initial recognition, due to the existence of an accounting mismatch, have been designated at fair value through profit and loss by management. Derivatives are recognised as held for trading.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. These exist when Bank Nagelmackers directly provides cash to a debtor without the purpose of trading the receivable. Loans are processed as soon as cash is provided to the debtor. Loans and receivables are initially recognised at fair value and carried at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Bank Nagelmackers assesses at the end of each reporting period whether there is objective evidence that an available-for-sale financial asset is impaired.

A significant or prolonged decline in the fair value of an available for sale equity instrument below its costs which is not caused by a general increase of market rates and/or credit spreads is considered objective evidence for impairment.

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value (less any impairment loss on that financial asset previously recognised in profit or loss), is reclassified from equity and recognised in profit or loss.

Subsequent decrease in impairment losses on equity instruments that were previously recognised in profit or loss are not reversed through profit but is recognised directly in other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Available-for-sale financial debt instruments are considered to be impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has a negative impact on the estimated future cash flows.

Bank Nagelmackers considers all objective evidence including observable data on the following loss events:

- ❖ significant financial difficulties of the issuer or debtor
- ❖ default, such as delinquency in payments with regards to interest payments and repayments
- ❖ bankruptcy or another financial reorganisation of the issuer or debtor
- ❖ the loss of an active market for that financial asset due to financial difficulties
- ❖ Downgrade below investment grade (BBB-), unless not retained by management. In this case management will write a motivated memo;

(J) Impairment of financial assets

Bank Nagelmackers assesses for all its financial assets at the end of each reporting period whether there is objective evidence that an asset is impaired.

For the determination of the amount of the impairment the principles below are applied:

(a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are not tested on impairment. Potential impairments are already expressed in the fair value of these assets and are therefore already included in the profit and loss statement.

Changes in fair values of financial assets at fair value through profit or loss are recorded in other gains/(losses) in profit or loss. Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses).

(b) Loans and receivables

A financial asset or a group of financial assets are considered to be impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has a negative impact on the estimated future cash flows.

Amongst objective evidence that a financial asset or a group of financial assets is impaired, are observable data known to Bank Nagelmackers with respect to the following loss events:

- ❖ significant financial difficulties of the issuer or debtor
- ❖ default, such as delinquency in payments with regards to interest payments and repayments
- ❖ bankruptcy or another financial reorganisation of the issuer or debtor
- ❖ the loss of an active market for that financial asset due to financial difficulties
- ❖ Observable data indicating a measurable decline in the expected cash flows of a group of financial assets since initial recognition of these assets in the balance sheet, even though the decline is not yet observable in the individual financial assets of Bank Nagelmackers, amongst which:
 - adverse change has occurred in the payment status of borrowers from Bank Nagelmackers; or
 - national or local economic circumstances closely correlated to the default on Bank Nagelmackers' assets

Bank Nagelmackers firstly assesses if there is objective evidence for an impairment of individually significant financial assets. If Bank Nagelmackers establishes that there is no objective evidence for impairment on an individually assessed financial asset, regardless whether it is significant or not, Bank Nagelmackers retakes the asset in a group of financial assets with comparable credit risk and collectively assesses this group for impairment. Assets which are assessed for impairment on an individual basis and for which an impairment loss is incurred, are not considered in the collective assessment for impairment.

If there is objective evidence of impairment on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount of the asset and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment and the amount of the loss is recognised in profit or loss.

If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, Bank Nagelmackers measures impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, previously recognised impairment loss is reversed by reducing the loan impairment provision. The reversal is recognised in profit or loss.

(c) Available-for-sale financial assets

Bank Nagelmackers assesses at the end of each reporting period whether there is objective evidence that an available-for-sale financial asset is impaired. A significant or prolonged decline in the fair value an available-for-sale equity instrument below its cost is considered objective evidence for impairment. If there is objective evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value (less any impairment loss on that financial asset previously recognised in profit or loss), is removed from equity and recognised in profit or loss.

The decrease in impairment losses on equity instruments that were previously recognised in profit or loss are not reversed through profit or loss in a subsequent period, for these amounts but is directly recognised in other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Available-for-sale financial debt instruments are considered to be impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has a negative impact on the estimated future cash flows.

Bank Nagelmackers considers all objective evidence including observable data on the following loss events: significant financial difficulties of the issuer or debtor

- ❖ default, such as delinquency in payments with regards to interest payments and repayments
- ❖ bankruptcy or another financial reorganisation of the issuer or debtor
- ❖ the loss of an active market for that financial asset due to financial difficulties

(K) Impairment of non-financial assets

For non-financial assets the impairment is determined by an estimate of the loss which is as much based as possible on objective external criteria.

(L) Derivatives and hedge accounting

Derivatives include Foreign exchange contracts, interest rate futures, currency and interest rate swaps, foreign exchange and interest rate options, equity and index options (both written and purchased) and other financial instruments whose value is mainly derived from underlying interest rates, foreign exchange rates, commodity values or equity instruments. The initial recognition of derivatives on the balance sheet is at fair value, which is generally equal to the acquisition price. Subsequently, they are re-measured at fair value, with changes in fair value recognized in the profit and loss statement. The fair values are obtained from quoted market prices or, if these are not available, determined using valuation techniques such as discounted cash flow methods or option-pricing models. Derivatives are recognized as assets in the event of a positive fair value, and as liabilities in the event of a negative fair value. Premiums paid for derivatives are recognized as an asset on the balance sheet as from purchase date. This value represents the fair value at that time. Derivatives can be traded both on a stock exchange and over-the-counter (or OTC). Exchange-traded derivatives such as futures and options are standardized. OTC derivatives are created on an individual basis through negotiations between the contracting parties and include forward contracts, swaps, caps and floors. Derivatives include several risks such as market risk, liquidity risk and credit risk. These risks are similar to those of the underlying financial instruments.

Fair value hedge accounting

Bank Nagelmackers uses derivatives to hedge the market risk of certain assets due to interest rate changes. The Bank applies Macro Hedging (hedging of portfolios of assets) as well as Micro Hedging (hedging of specific assets). Fair value hedge accounting is applied to derivatives designated as hedging instrument if the following conditions are met in accordance with IAS 39:

Before hedge accounting is applied, Bank Nagelmackers documents the hedging objective and strategy, the relationship between the hedged position and the derivative that is used as a hedging instrument, as well as the method used to assess the effectiveness of the hedging relationship. The documentation also shows that, before hedge accounting is applied, the hedge is expected to be highly effective. During the hedging period, the effectiveness is tested and documented periodically. A hedge is considered to be effective if the change in the fair value of the hedged item is almost completely offset by changes in the fair value of the hedging instrument. A range of 80% to 125% is imposed for this purpose. When determining the effectiveness, Bank Nagelmackers applies the "European Carve Out" version of IAS 39 which means that ineffectiveness in the hedging relationship as a result of changing prepayment rates of the credits is significantly reduced.

Changes in the fair value of derivatives designated as 'fair value hedge' and which meets the specified conditions are recognized in the profit and loss statement under the trading income. On the same line, the change in the fair value of the hedged assets is recognised to the extent that the change relates to the hedged risk. As a consequence, only the ineffective portion of the hedge impacts the results.

(M) Property, plant and equipment

Property, plant and equipment for own use is valued at historical cost less accumulated depreciation.

Upon disposal of property, plant and equipment, the difference between the carrying amount and the net disposal proceeds is recognized in the profit and loss statement.

The fixed assets are depreciated over the asset's useful life on a straight-line basis, taking into account the residual value.

- ❖ Land and buildings: there is no depreciation on lands. Buildings are depreciated over a period of 33 years from the year of commissioning.
- ❖ Refurbishment expenditures are depreciated over a period of 10 years;
- ❖ Equipment is depreciated over a period of 5 years;
- ❖ Furniture is depreciated over a period of 10 years;

- ❖ Cars are depreciated over a period of 4 years;
- ❖ Hardware is depreciated over a period of 3 to 5 years.

If an asset consists of different 'components' with different useful lives and/or different residual values then the asset is broken down into these different components, which are then depreciated separately.

If the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately impaired to its recoverable amount. Repairs and maintenance are recognised in the profit and loss statement in the financial year in which the related expenses are incurred. The costs of significant refurbishments are capitalised when it is probable that additional – future benefits from the existing asset will be realized by Bank Nagelmackers, and an identifiable component of the asset is replaced by the construction. Significant refurbishments are depreciated over the remaining useful life of the related asset.

(N) Investment properties

Investment properties are held to realise long-term rental yield and are not occupied by Bank Nagelmackers. Completed investment properties are measured at fair value, which is supported by market data as determined by qualified external valuation providers with recent experience in the relevant location and category of the investment property (every three years). Changes in fair value are recognized in the profit and loss statement. There is no depreciation on investment properties.

(O) Intangible assets

The intangible assets consist of externally purchased software. The assets are depreciated on a straight-line basis over its remaining useful life. The residual value of intangible assets is expected to be nil. The depreciation charge for the financial year is recognized in the profit and loss statement under "Depreciation".

The costs for acquiring new software are capitalised and depreciated on a straight-line basis over their useful life: 5 years. As from 2010, Bank Nagelmackers no longer applies the capitalisation of the paid “growth commission” to agents for specific portfolios, while the costs are recognized immediately in the profit and loss statement.

Consultancy costs directly related to the development and implementation of a software package are in certain cases capitalised and depreciated on a straight-line basis over a period of 5 years. For each qualifying project, a prior assessment on whether the development of software can be capitalised will be performed in accordance with the conditions set out by the IFRS standards.

(P) Provisions

A provision is recognized when Bank Nagelmackers has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Bank Nagelmackers recognizes a provision for onerous contracts if the inevitable costs required to meet the obligations arising from the contract are higher than the economic benefits expected to be received from the contract. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(Q) Employee benefits

Employee entitlements

Employee entitlement to annual leave or long-service leave is recognised when it is granted to the employee. A liability is created when employees have not taken up their annual leave to which they are legally entitled by the end of the reporting period.

Post-employment obligations

Bank Nagelmackers applies pension plans based on payment of defined contributions.

Bank Nagelmackers deposits contributions into a separate entity.

As a result of the law Vandebroek, a guaranteed minimum return for these contracts is made to the beneficiary. For the contracts of Bank Nagelmackers, this guarantee is covered by the entities to whom it pays a premium. Due to the law change of the Belgian Defined Contribution plans concerning the minimum return guarantee, these plans are now treated as a Defined Benefit Plans.

The premiums paid by Bank Nagelmackers are recognized in the profit and loss statement under employee costs in the year to which they relate.

(R) Entrusted funds and debt securities

Bank Nagelmackers makes a distinction in the balance sheet between entrusted funds (savings, current and deposit accounts) and debt securities (savings certificates and notes issued in the context of securitization).

These occur when Bank Nagelmackers receives cash from a creditor without the intention of trading the debt.

They are recognised as soon as cash is received from the creditor. Entrusted funds and debt securities are initially recognised at fair value and subsequently measures at amortized cost using the effective interest rate method.

(S) Income tax

The current and deferred taxes for the financial year are based on the taxable profit for the financial year, after possible corrections taking into account tax payable of previous years. Taxes are calculated on the result before taxes and are recognised in the profit and loss statement, except to the extent that they relate to items directly recognised in equity, in which case the taxes are recognised in equity.

Deferred taxes are recognised on all temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be offset.

(T) Share capital

Share issue costs

External costs directly attributable to the issue of new equity securities, other than as part of a business combination, are deducted from equity net of any related income tax. Share issue costs that are directly related to a business combination are included in the acquisition price.

Dividend

The dividend on ordinary shares is recognized in equity in the period in which they are declared.

(U) Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(V) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, short-term treasury bills and other short-term, highly liquid investments with a remaining maturity of less than 90 days from the date of acquisition. With regards to of the cash flow statement, the cash and cash equivalents also include the advances in the current account which are recorded in the balance sheet under accounts payable and other financial liabilities.

(W) Contingent liabilities

Contingent liabilities are recognized when the obligation is probable, but the amount cannot be reasonably estimated or when it is unlikely that the payment is required in order to settle the obligation.

(X) Repurchase agreements

Securities subject to a repurchase agreement ("repo") remain recognised on the balance sheet. The liability resulting from the obligation to repurchase the assets is recorded in interbank liabilities or customer liabilities, as appropriate to the counterparty. Securities that are acquired as a result of a repurchase agreement ("reverse repo") are not recognized in the balance sheet. The right on the cash flows from the counterparty is recorded as interbank receivables banks or customer receivables, depending on the counterparty. The difference between the selling price and the repurchase price is treated as interest and is allocated over the life of the agreements using the effective interest rate method.

Securities lent to counterparties remain recognized on the balance sheet. Securities borrowed are not recognised in the balance sheet unless they are sold to third parties. In that case, the purchase and sell are recognized and the results on the transaction are recognised to profit and loss. The obligation to return the securities is measured at fair value and recognized as a trading obligation.

(Y) Financial guarantees

Financial guarantees are initially recognized at fair value and are subsequently valued at the higher of:

- ❖ The amount determined under IAS 37 (Provisions);
- ❖ The initial amount reduced with, where appropriate, the accumulated depreciation in accordance with IAS 18.

The principles of valuation and determination of results (listed alphabetically) and the notes (presented numerically) are a part of these financial statements.

DISCLOSURE

1. Interest**Amounts in KEUR**

Interest income	2016	2015
Cash and current accounts with central banks	0	0
Financial assets held for trading	0	0
Financial assets designated at fair value through profit or loss	0	7
Financial assets available for sale	15,163	18,164
Loans and receivables	126,618	146,603
Derivatives	0	105
Interest income on liabilities	1,638	727
Other	0	0
Total	143,419	165,606

Interest expense	2016	2015
Deposits from credit institutions	1,227	616
Deposits from non-credit institutions	22,065	30,353
Debt securities issued	3,974	5,969
Subordinated liabilities	1,967	6,000
Derivatives	42,959	50,428
Interest expenses on assets	2,784	158
Other	283	413
Total	75,259	93,937

Net interest income	68,160	71,669
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2. Dividends

Amounts in KEUR

	2016	2015
Dividend income, equities and non-fixed income instruments available for sale	1,670*	5
Total	1,670	5

* Dividend from Visa Belgium

3. Commissions**Amounts in KEUR**

Fee & commission income	2016	2015
Securities	19,861	20,089
Asset Management	13,634	11,978
Loan commitments given	1,883	2,134
Payment services	6,963	7,113
Insurances	2,753	2,860
Total	45,094	44,174

Fee & commission expense	2016	2015
Custodies paid	6,724	7,508
Securities	1,155	1,187
Total	7,879	8,695

Net fee & commission income	37,215	35,479
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4. Trading result**Result from Hedge Accounting (Micro - Macro)****Amounts in KEUR**

	2016	2015
Derivatives in Hedge Accounting (Micro - Macro)	3,112	42,806
Fair value of hedged items	-2,206	-26,039
Amortization hedged items	-8,748	-20,220
Excess amortization	-1,261	-22,443
Total	-9,103	-25,896

Bank Nagelmackers applies both micro- and macro-hedge accounting.

The additional amortization is necessary because of the increase of the prepayment rate, the lower interest rates on new production and non-contractual interest revisions since 10/2014.

Other trading result**Amounts in KEUR**

	2016	2015
Fixed Income Instruments	0	0
Shares and non-fixed income instruments	0	0
Realized result derivatives	-1,257	2,683
Non-realized result derivatives not in hedge	2,832	5,662
Valuation securitization swap	293	389
Total	1,868	8,734

During the year the bank unwinded for €25.000K nominal interest rate swaps, which led to a realised loss of €-1.257K. These unwindings have a positive effect on the current and the future interest cost.

The non-realized result on derivatives refers to the swaps which are not part of the hedge relations.

The valuation of the securitization swaps consists of two elements: the valuation of the intermediation margin and credit valuation adjustment on the swap with a positive value.

The intermediation margin is the difference in valuation between the swap concluded between B-Arena SA and Royal Bank of Scotland and the swap with opposite value between Bank Nagelmackers SA and Royal Bank of Scotland. The impact on the result of 2016 amounts to €+293K (credit valuation adjustment included).

In October the bank exercised the call on the first optional redemption date of compartment II of the securitization (B-arena II). The linked securitisation swap has been terminated.

Total trading result	-7,235	-17,162
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5. Result financial assets**Amounts in KEUR**

Result financial assets at fair value through profit or loss	2016	2015
Unrealized / realized profit or loss fixed income instruments	0	-8
Total	0	-8

Result on financial assets available for sale	2016	2015
Realized profit or loss debt securities	27,272	41,954
Realized profit or loss equity instruments	0	0
Total	27,272	41,954

Total financial assets	27,272	41,946
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The €27mln realized profit in the investment portfolio mainly was to neutralize the negative impact on the results under BEGAAP of premature termination of some interest rate swaps.

6. Other income

Amounts in KEUR

	2016	2015
Other	450	343
Total	450	343

7. Staff costs & other administrative expenses**Amounts in KEUR**

Staff costs	2016	2015
Wages and salaries	32,256	31,088
Pension expenses and group insurances	1,564	1,578
Social security costs	6,941	7,915
Leasing cars	2,354	2,403
Other staff costs	9,801	7,441
Total	52,916	50,425

Other administrative expenses excl. Amortization	2016	2015
Marketing expenses	6,587	9,325
Fees	2,239	1,681
IT expenses	9,390	12,132
Office rental and accommodation	5,492	7,991
Other administrative expenses (incl banking taxes)	20,033	18,423
Other administrative expenses	43,741	49,552

Provisions	2016	2015
Provisions (withdraw)	-647	-115

Staff costs & other administrative expenses	96,010	99,862
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Bank Nagelmackers has a number of pension plans based on defined contribution plans insured with several Belgian life insurance companies. Due to the law change of the Belgian Defined Contribution plans concerning the minimum return guarantee these plans are now treated as a Defined Benefit Plan.

The impact on the result of 2016 is presented in the line "Pension expenses and group insurances" and is limited to €-17K. The defined benefit obligation is disclosed in table 29c.

The average number of full-time equivalent employees in 2016 amounted to 522,80 (2015:535,90).

The number of full-time equivalent employees on 31/12/2016 by job category:

- management staff:	13
- clerks:	484,34
- workers:	3,78

The other administrative expenses contained in 2015 €8,3mln non-recurring expenses for the name change of the bank.

8. Amortization & depreciation**Amounts in KEUR**

	2016	2015
Depreciation owner occupied property	992	858
Depreciation furniture & fixtures	1,686	1,434
Depreciation computer equipment	1,295	1,035
Amortization external software	2,530	2,105
Total	6,503	5,432

9. Total cost of credit and other value adjustments**Amounts in KEUR**

Impairments	2016	2015
Mortgages	129	986
Other loans	8,183	6,918
Total	8,312	7,904

Reversal impairments	2016	2015
Mortgages	-1,103	-103
Other loans	-5,439	-2,813
Total	-6,542	-2,916

Impairments: other	2016	2015
HFS: buildings	0	0
Total	0	0

Total value adjustments	1,770	4,988
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	2016	2015
Mortgages	-974	883
Other loans	2,744	4,105
HFS: buildings	0	0
Total	1,770	4,988

10. Taxation**Amounts in KEUR**

	Net Amount 2016	%
1. Tax charges	-7,848	
1.1. Net income before tax	23,089	
1.2. Statutory tax rate	0	33.99%
2. Tax effect of tax rates in other tax jurisdictions	0	
3. Tax effect of non-taxable income	131	
4. Tax effect of non-tax deductible expenses	-665	
5. Tax effect of the use of previously unrecognized tax assets	0	
6. Tax effect for tax previously not included in the profit and loss account	-5	
7. Tax effect of the reassessment of unrecognized deferred tax assets	0	
8. Tax effect of a change in tax rates	0	
9. Notional interest	1,079	
10. Tax expenses according to the effective tax	-7,308	
10.1. Net income before tax	23,089	
10.2. Effective tax rate		34.00%

	Net Amount 2015	%
1. Tax charges	-7,656	
1.1. Net income before tax	22,524	
1.2. Statutory tax rate	0	33.99%
2. Tax effect of tax rates in other tax jurisdictions	0	
3. Tax effect of non-taxable income	0	
4. Tax effect of non-tax deductible expenses	-501	
5. Tax effect of the use of previously unrecognized tax assets	0	
6. Tax effect for tax previously not included in the profit and loss account	-6	
7. Tax effect of the reassessment of unrecognized deferred tax assets	0	
8. Tax effect of a change in tax rates	0	
9. Notional interest	554	
10. Tax expenses according to the effective tax	-7,610	
10.1. Net income before tax	22,524	
10.2. Effective tax rate		34.00%

Deferred tax assets (in KEUR):

	2016	Deferred tax
Taxed reserves	5,381	1,829

Unused tax losses	8,685	2,952
Unused notional interest deduction	768	261
<i>IFRS-adjustments:</i>		
Deductible temporary differences		
- goodwill	0	0
- derivatives (incl hedge)	97,708	33,211
Taxable temporary differences		
- property, plant and equipment	-1,255	-427
- debt securities	-75,613	-25,701
- equity securities	-908	-309
- deferred purchase price	-1,861	-632
- other	3,715	1,263
Other deferred tax	-367	-125
Net deferred tax assets		12,323

Deferred tax assets on unused tax losses can only be recognized to the extent that there are sufficient taxable temporary differences or there is other compelling evidence that there will be sufficient profit, against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

The taxed reserves and temporary differences linked to IFRS-adjustments will disappear automatically in the future.

The 2017-2019 business plan expects annual profit before tax. The expected profit is sufficient to ensure the utilization of unused tax losses which are recognized on 31/12/2016 within a reasonable time.

The key assumptions that support the business plan are:

- Growth in all portfolios, in particular in corporate banking and private banking
- Nagelmackers becomes an universal bank for all clients
- Special attention to the development of digital banking

11. Cash and centrals bank deposits

Amounts in KEUR

	2016	2015
Cash	14,600	15,353
Central bank deposits	101,099	261,831
Total	115,699	277,184

12. Due from banks

	2016	2015
Foreign banks	357,654	291,459
Banks other EMU-countries	8,121	118,000
Banks rest of the world	3,289	28,203
Total	369,064	437,662

In the table above, the paid collateral for the swap and repo transactions is also reported. This amounts to €251.964K on 31/12/2016 (2015: €225.421K).

13. Financial assets held for trading**Amounts in KEUR**

	2016	2015
Derivatives not held for hedge accounting		
Total derivatives	1	152

	2016	2015
Derivatives held for hedge accounting		
Total derivatives	0	0

	2016	2015
Derivatives held for securitization		
Total derivatives	159	4,317

Total	160	4,469
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The recognition in the balance sheet of the securitization swap causes an active and a passive with opposite sign. All that remains is the result of the intermediation margin of 4.5 basis points and the credit adjustment booked in the swap with positive value.

The intermediation margin is the difference in valuation between the swap concluded between B-Arena SA and Royal Bank of Scotland and the swap with opposite value between Bank Nagelmackers SA and Royal Bank of Scotland. The impact on the result of 2016 amounts to €+293K.

One of the securitization swaps has been terminated due to the call of the securitization at first optional redemption date.

Derivatives held for securitization	2016	2015
Positive value	159	4,317
Negative value	-194	-4,644
Net book value	-35	-327

14. Financial assets at fair value through profit or loss

Amounts in KEUR

Fixed income instruments issued by:	2016	2015
Central governments	0	0
Non-financial corporations	0	0
Total fixed income instruments - at fair value	0	0

15a. Financial assets available for sale**Amounts in KEUR**

Fixed income instruments issued by:	2016	2015
Central governments	743,610	896,734
Credit institutions	53,305	2,055
Other financial corporations	0	148,782
Non-financial corporations	53,184	36,801
Total fixed income instruments - at fair value	850,099	1,084,372

Equity and non-fixed income instruments at fair value	2016	2015
Listed	26	30
Unlisted	1,158	276
Total equity and non-fixed income instruments at fair value	1,184	306

Total	851,283	1,084,678
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The European Investment Bank (EIB) has been classified under credit institutions as from 2016 (€53K). Until 2015 the institution was classified as other financial corporation (2015: €148K).

15b. Movement financial assets available for sale
Amounts in KEUR

	Fixed income instruments	Equity and non-fixed income instruments	Total 2016
Fair value at beginning of year	1,084,372	306	1,084,678
Additions	80,504	-18	80,486
Disposals (including redemptions)	-336,705	0	-336,705
Unrealized profit/ loss	9,417	895	10,312
Realized profit/ loss	27,275	1	27,276
Amortization of premium / discount fixed income instruments	-11,145	0	-11,145
Accrual interest	-3,619	0	-3,619
Fair value at end of year	850,099	1,184	851,283

	Fixed income instruments	Equity and non-fixed income instruments	Total 2015
Fair value at beginning of year	1,287,889	206	1,288,095
Additions	185,165	99	185,264
Disposals (including redemptions)	-367,275	0	-367,275
Unrealized profit/ loss	-49,188	1	-49,187
Realized profit/ loss	41,954	0	41,954
Amortization of premium / discount fixed income instruments	-12,477	0	-12,477
Accrual interest	-1,696	0	-1,696
Fair value at end of year	1,084,372	306	1,084,678

16. Loans and advances**Amounts in KEUR**

Loans by type	2016	2015
Securitized mortgages	474,096	1,067,203
Mortgages	2,994,005	2,322,320
Loans with fixed charge rate	78,213	77,099
Term loans	1,098,740	1,207,107
Advances current accounts	41,975	34,530
Total	4,687,029	4,708,259

Loans by sector	2016	2015
Government	2,236	14,750
Private sector	3,628,167	3,542,027
Business sector	1,056,626	1,151,482
Total	4,687,029	4,708,259

17a. Intangible assets

Amounts in KEUR

Book value	2016	2015
External software	7,235	5,251
Other goodwill	0	0
Other intangible assets	0	0
Total	7,235	5,251

17b. Movement intangible assets**Amounts in KEUR**

External software	2016	2015
Carrying amount	5,251	5,413
Investments	4,514	1,943
Disposals	0	0
Impairments	0	0
Amortization	-2,530	-2,105
Book value at end of year	7,235	5,251

External software	2016	2015
Cumulative acquisition value	19,868	15,353
Cumulative impairments	0	0
Cumulative amortization	-12,633	-10,102
Book value at end of year	7,235	5,251

18a. Property and equipment**Amounts in KEUR**

Book value	2016	2015
Owner occupied property - land & buildings	12,934	11,802
Equipment - furniture & fixtures	9,288	7,613
Equipment - computer equipment & IT systems	3,578	2,555
Equipment - other	0	0
Total	25,800	21,970

18b. Movement property and equipment
Amounts in KEUR

	Owner occupied property - land & buildings	Equipment - furniture & fixtures	Equipment - computer equipment & IT systems	2016
Carrying amount	11,802	7,613	2,555	21,970
Investments	2,229	3,788	2,318	8,335
Disposals	-94	-438	0	-532
Impairments	0	0	0	0
Amortization	-992	-1,686	-1,295	-3,973
Reclassification to investment property	0	0	0	0
Reclassification to held for sale	-12	12	0	0
Book value at end of year	12,934	9,288	3,578	25,800

Cumulative acquisition value	21,387	44,485	8,517	74,209
Cumulative impairments	-180	0	0	0
Cumulative amortization	-8,273	-35,197	-4,939	-48,409
Book value at end of year	12,934	9,288	3,578	25,800

	Owner occupied property - land & buildings	Equipment - furniture & fixtures	Equipment - computer equipment & IT systems	2015
Carrying amount	10,742	6,753	1,716	19,211
Investments	2,767	2,385	1,874	7,026
Disposals	-161	-37	0	-198
Impairments	0	0	0	0
Amortization	-858	-1,434	-1,035	-3,327
Reclassification to investment property	0	0	0	0
Reclassification to held for sale	-688	-54	0	-742
Book value at end of year	11,802	7,613	2,555	21,970

Cumulative acquisition value	22,203	47,648	7,168	76,839
Cumulative impairments	-180	0	0	0
Cumulative amortization	-10,221	-40,035	-4,613	-54,869
Book value at end of year	11,802	7,613	2,555	21,970

19. Investment property**Amounts in KEUR**

Fair value	2016	2015
Investment property	1,858	1,386
Total	1,858	1,386

Investment property	2016	2015
Fair value at beginning of year	1,386	3,906
Investments	472	0
Reclassification owner occupied property - land	0	0
Reclassification owner occupied property - buildings	0	0
Disposals	0	0
Revaluation	0	0
Reclassification held for sale	0	-2,520
Fair value at end of year	1,858	1,386

Rents received in 2016 : €96K (2015 : €109K).

20. Current tax assets & liabilities

Amounts in KEUR

	2016	2015
Carrying amount	-920	-47
Charged to profit and loss account	-25	-918
Payments during the year	1	45
Book value at end of year	-944	-920

The current tax liability is due to the limitation of the notional interest deduction in 2015 and will be paid in 2017.

21. Deferred tax assets & liabilities**Amounts in KEUR**

	2016	2015
Carrying amount	18,112	11,488
Charged to profit and loss account	-7,284	-6,692
Change in available for sale reserve	1,495	13,316
Book value at end of year	12,323	18,112

	2016	2015
Carry forward losses and notional interest deduction	3,213	10,656
Securities	-26,009	-22,504
Hedge accounting & derivatives	33,211	29,993
Goodwill	0	0
Property and equipment	-426	-395
Other temporary differences	2,334	362
Total	12,323	18,112

	2016	2015
Deferred tax: assets	38,253	42,749
Deferred tax: liabilities	-25,930	-24,637
Book value at end of year	12,323	18,112

The bulk of these deferred taxes will only be recovered after 12 months.

22. Other assets**Amounts in KEUR**

	2016	2015
Accruals (other than interests from financial assets)	13,735	13,249
Tax receivable	586	174
Amounts to be allocated	29,073	17,948
prepayments	2,410	3,072
others	8,590	2,585
Total	54,394	37,028

23. Movement owner occupied property held for sale**Amounts in KEUR**

	2016	2015
Carrying amount	2,486	3,075
Disposals	0	-3,850
Impairments	-14	0
Reclassification from OOP/IP to HFS	0	3,261
Book value at end of year	2,472	2,486

24. Due to banks

Amounts in KEUR

	2016	2015
Current accounts / overnight	1,700	26,407
Deposits with agreed maturity	155,334	282,546
Deposits redeemable at notice	0	0
Other deposits (repo's & bond collateral)	224,797	571,278
Total	381,831	880,231

25. Funds entrusted**Amounts in KEUR**

	2016	2015
Current accounts / overnight	1,248,825	936,481
Deposits with agreed maturity	1,414,710	1,541,425
Special deposits	19,507	21,291
Regulated deposits	2,203,335	2,243,024
Deposits related to mortgages	86	199
Total	4,886,463	4,742,420

Funds entrusted by sector	2016	2015
Government	524,268	363,465
Private sector	2,993,005	2,945,197
Business sector	1,369,190	1,433,758
Total	4,886,463	4,742,420

26. Debt securities

	2016	2015
Saving bonds	50,777	144,489
Obligations		
Convertible		
Non-convertible (notes securitization)	0	11,088
Total	50,777	155,577

The saving bonds are amortising because the bank doesn't commercialise this product anymore. All notes issued in the securitization are held by the bank itself.

27. Financial liabilities held for trading

Derivatives not held for hedge accounting	2016	2015
Total derivatives - at fair value	26,577	28,504
Derivatives held for macro hedge accounting	2016	2015
Total derivatives - at fair value	70,129	49,207
Derivatives held for micro hedge accounting	2016	2015
Total derivatives - at fair value	166,765	203,953
Derivatives held for securitization	2016	2015
Total derivatives - at fair value	194	4,644
Total	263,665	286,308

The recognition in the balance sheet of the two securitization swaps causes an active and a passive with opposite sign. All that remains is the result of the intermediation margin of 4.5 basis points and the credit adjustment booked in the swap with positive value.

The intermediation margin is the difference in valuation between the swap concluded between B-Arena SA and Royal Bank of Scotland and the swap with opposite value between Bank Nagelmackers SA and Royal Bank of Scotland. The impact on the result of 2016 amounts to €+293K.

One of the securitization swaps has been terminated due to the call of the securitization at first optional redemption date.

Derivatives held for securitization	2016	2015
Positive value	159	4,317
Negative value	-194	-4,644
Net book value	-35	-327

28. Other liabilities**Amounts in KEUR**

	2016	2015
Employee benefits	9,881	7,811
Social security	2,692	2,362
Accrued expenses (other than from interest expenses related financial liabilities)	12,606	13,165
Deferred revenue	47	46
Tax payable	299	2,202
Amounts to be allocated	2,325	2,462
Transit accounts (mainly in the context of payment systems)	41,411	62,066
Other liabilities (mainly internal accounts)	9,472	11,569
Total	78,733	101,683

29a. Provisions**Amounts in KEUR**

	2016	2015
(Pre)pension provisions	2,076	2,732
Defined benefit plan	947	0
Restructuring provisions	0	2
Legal claims	4,588	4,751
Other provisions	1,608	1,555
Total	9,219	9,040

29b. Movement provisions
Amounts in KEUR

	(Pre)pension provisions	Defined benefit plan	Restructuring provisions	Legal claims	Other provisions	Total 2016
Carrying amount	2,732	0	2	4,751	1,555	9,040
Additions	128	16	0	740	629	1,513
Disposals	-784	0	-2	-903	-576	-2,265
Release	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Remeasurement previous years	0	408	0	0	0	408
Actuarial losses of the year	0	523	0	0	0	523
Book value at end of year	2,076	947	0	4,588	1,608	9,219

	(Pre)pension provisions	Defined benefit plan	Restructuring provisions	Legal claims	Other provisions	Total 2015
Carrying amount	3,379	0	10	4,692	1,074	9,155
Additions	0	0	0	715	951	1,666
Disposals	-647	0	-8	-656	-470	-1,781
Release	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Book value at end of year	2,732	0	2	4,751	1,555	9,040

The defined benefit plans are disclosed in Table 29c.

Reorganization costs: remaining provisions concerning the merger with Bank Nagelmackers / Union Bank.

Legal proceedings: provisions for pending legal proceedings with respect to Bank Nagelmackers, as well as provisions for claims for former agents whose contracts were terminated.

Other provisions: provisions for employee-related costs (severance pay, jubilees premiums) + provision made for the redistribution of social charges.

Most of the above provisions are expected to be settled after 2017.

29c. Defined benefit plan**Amounts in KEUR**

Net benefit expense	2016
Current service cost	17
Interest cost on benefit obligation	-1
Net benefit expense	16

Components of net defined benefit plan assets and liabilities	2016
Present value of defined benefit obligations	947

Movements in defined benefit obligations	2016
Opening balance	0
Remeasurement previous years in OCI	408
Current service cost in P&L	17
Interest cost in P&L	-1
Actuarial (-) gains or losses from changes in demographic assumptions	0
Actuarial (-) gains or losses from changes in financial assumptions	523
Closing balance	947

Actuarial assumptions used for the valuation at 01/01/2016Demographic assumptions

Mortality tables MR for males and FR for females, with an age correction of -3 years

Economic assumptions

- Discount rate: 1,40 % per annum (2,75% for DLL)
- Expected Return on Assets: 1,40 % per annum (2,75% for DLL)

The discount rate is based on the duration of the pension plans.

The DR used to estimate sensitivity end of year was 0,8% (1,9% for DLL).

Turnover – New entrants

No new entrants are considered.

Withdrawal rates as follows:

<u>age</u>	<u>percentage</u>	<u>age</u>	<u>percentage</u>	<u>age</u>	<u>percentage</u>	<u>age</u>	<u>percentage</u>
20	15,00%	32	8,00%	43	6,00%	54	4,00%
21	15,00%	33	8,00%	44	6,00%	55	2,00%
22	15,00%	34	8,00%	45	6,00%	56	2,00%
23	15,00%	35	8,00%	46	6,00%	57	2,00%
24	15,00%	36	8,00%	47	6,00%	58	2,00%
25	15,00%	37	8,00%	48	6,00%	59	2,00%
26	15,00%	38	8,00%	49	6,00%	60	0,00%
27	15,00%	39	8,00%	50	4,00%	61	0,00%
28	15,00%	40	6,00%	51	4,00%	62	0,00%
29	15,00%	41	6,00%	52	4,00%	63	0,00%
30	8,00%	42	6,00%	53	4,00%	64	0,00%
31	8,00%						

Retirement age

We supposed that everyone retires at the age of 65.

IAS 19 - Valuation**Valuation 01/01/2016**

Assets	Baloise	DLL	Integrale	AXA	P&V	Total
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Employee	361	879	2,558	773	2,334	6,905
Employer	720	2,531	5,682	1,523	5,383	15,839
Total	1,081	3,410	8,240	2,296	7,717	22,745

Employer's liabilities	Baloise	DLL	Integrale	AXA	P&V	Total
Defined benefit obligation - exclusive taxes	1,127	3,621	8,277	2,363	7,717	23,105
Taxes	6	28	5	9	0	48
Defined benefit obligation - inclusive taxes	1,134	3,649	8,281	2,372	7,717	23,153
Assets	1,081	3,410	8,240	2,296	7,717	22,745
Unfunded defined benefit obligation	53	239	41	76	0	408

Movement of the year

	Baloise	DLL	Integrale	AXA	P&V	Total
Valuation 01/01/2016	53	239	41	76	0	408
Retirement benefit expenses for 2016	32	336	150	45	133	695
Estimated employer contributions	-31	-323	-151	-43	-132	-679
Valuation 31/12/2016	54	252	40	77	1	424
Current service cost in P&L	1	13		1	1	16

Discount rate sensitivity

	Baloise	DLL	Integrale	AXA	P&V	Total
Rate	0,80%	1,90%	0,80%	0,80%	0,80%	
Estimated defined benefit obligation 31/12/16	1,220	4,479	8,606	2,506	7,941	24,753
Estimated fair value of assets 31/12/16	1,129	3,876	8,491	2,371	7,937	23,806
Net defined benefit plan	91	603	115	135	4	947

30. Subordinated debt**Amounts in KEUR**

Subordinated debt (maturity date)	2016	2015
current year		
current year +1		
current year +2		
current year +3		
current year +4		
current year +5		
current year +6		
current year +7		
current year +8		
current year +9		
current year +10		
More than current year +10		
Perpetual debt	0	64,500
Total	0	64,500

The subordinated loan was concluded with Delta Lloyd Group NV and has been repaid in April 2016.

31. Contingent liabilities

Amounts in KEUR

The contingent liabilities amount to €23.383K (2015: €23.320K) and include all transactions in which the bank issued guarantees for debt of third parties.

32. Irrevocable credit facilities

Amounts in KEUR

The irrevocable facilities amount to €395.418K (2015: €229.808K). This item covers all the facilities that could lead to a credit risk for the Bank. It concerns undrawn credit facilities.

33. Transactions with related parties

	2016	2015
Assets		
Bankers	0	0
Derivatives	0	0
Other assets	220	0
Liabilities		
Bankers	0	0
Other funds entrusted	10,075	0
Derivatives	0	0
Subordinated debts	0	0
Other liabilities	15	0
Result		
Interest income	0	0
Fee & commission income	1,033	0
Other income	70	0
Interest expense	34	0
Other admin expenses	54	0

Financial relationships with directors

The amount of direct and indirect remunerations and pensions charged to the income statement amounted to €3.214K (2015: €1.892K).

The receivables amount to €204K (2015: €922K) on 31/12/2016.

The outstanding liabilities to their advantage amount to €441K (2015: €267K).

34. Overview remaining life**Amounts in KEUR**

Assets	Immediately due	=< 3 months	3 months =< 1 year	1 year =< 5 years	> 5 years	Infinite / indefinite	Total 2016
Cash and centrals bank deposits	115,699	0	0	0	0	0	115,699
Due from Banks	311,457	57,084	523	0	0	0	369,064
Financial assets held for trading	0	0	0	160	0	0	160
Financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Financial assets available for sale	0	0	11,595	133,573	704,931	1,184	851,283
Loans and advances	113,881	226,260	326,982	1,144,528	2,870,431	4,947	4,687,029
Intangible assets	0	0	0	0	0	7,235	7,235
Property and equipment	0	0	0	0	0	25,800	25,800
Investment property	0	0	0	0	0	1,858	1,858
Current tax assets	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	12,323	0	0	12,323
Other assets	54,394	0	0	0	0	0	54,394
Owner occupied property held for sale	0	0	2,472	0	0	0	2,472
Total assets	595,431	283,344	341,572	1,290,584	3,575,362	41,024	6,127,317

Liabilities	Immediately due	=< 3 months	3 months =< 1 year	1 year =< 5 years	> 5 years	Infinite / indefinite	Total 2016
Due to Banks	2,238	269,029	110,564	0	0	0	381,831
Funds entrusted	1,283,061	192,155	647,613	453,945	106,267	2,203,422	4,886,463
Debt securities	2,008	6,136	18,047	21,246	3,340	0	50,777
Financial liabilities held for trading	0	0	0	19,947	243,718	0	263,665
Current tax liabilities	0	0	0	944	0	0	944
Deferred tax liabilities	0	0	0	0	0	0	0
Other liabilities	78,733	0	0	0	0	0	78,733
Provisions	0	0	0	0	0	9,220	9,220
Subordinated debt	0	0	0	0	0	0	0
Shareholders' equity	0	0	0	0	0	455,684	455,684
Total liabilities	1,366,040	467,320	776,224	496,082	353,325	2,668,326	6,127,317

Net cash position	-770,609	-183,976	-434,652	794,502	3,222,037	-2,627,302	0
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	Immediately due	=< 3 months	3 months =< 1 year	1 year =< 5 years	> 5 years	Infinite / indefinite	Total 2015
Total assets	866,127	271,410	344,292	1,395,233	3,692,510	28,913	6,598,485
Total liabilities	1,290,179	1,123,308	834,806	371,509	368,614	2,610,069	6,598,485
Net cash position	-424,052	-851,898	-490,514	1,023,724	3,323,896	-2,581,156	0

In funds entrusted, which are reported as undetermined, €2.201.233K relates to savings deposits.

The interest margin is a substantial source of income for the Bank. This margin arises from a controlled mismatching of the maturities and interest rates of assets and liabilities. An unmatched position can be conducive to the profitability of the Bank, but can also, at an unfavourable evolution of market interest rates, increase the risk of losses.

The term to maturity of assets is traditionally longer than that of liabilities, which means the bank receives funds on a short term and reinvests those on a long term. The potential impact of market interest rate fluctuations is discussed at the ALM Committee. This committee interprets among other things the sensitivity of the bank's profitability for an unfavourable evolution of the interest. The ability of the Bank to replace bearing liabilities upon their maturity at an acceptable price is the key factor for the assessment of the interest rate risk of Nagelmackers Bank and its exposure to changes in interest rates. If this ability is insufficient, hedging of interest rate risk is realized.

35. Currency risk concentration of assets, liabilities and off-balance sheet items**Amounts in KEUR**

Assets	Euro	US dollar	Swiss franc	Pond Sterling	Other	Total 2016
Cash and centrals bank deposits	115,667	16	4	7	5	115,699
Due from Banks	359,504	4,389	589	553	4,029	369,064
Financial assets held for trading	160	0	0	0	0	160
Financial assets at fair value through profit or loss	0	0	0	0	0	0
Financial assets available for sale	851,283	0	0	0	0	851,283
Loans and advances	4,686,324	9	5	6	685	4,687,029
Intangible assets	7,235	0	0	0	0	7,235
Property and equipment	25,800	0	0	0	0	25,800
Investment property	1,858	0	0	0	0	1,858
Current tax assets	0	0	0	0	0	0
Deferred tax assets	12,323	0	0	0	0	12,323
Other assets	52,864	356	84	128	962	54,394
Owner occupied property held for sale	2,472	0	0	0	0	2,472
Total assets	6,115,490	4,770	682	694	5,681	6,127,317

Liabilities	Euro	US dollar	Swiss franc	Pond Sterling	Other	Total 2016
Due to Banks	381,831	0	0	0	0	381,831
Funds entrusted	4,848,999	31,412	641	657	4,754	4,886,463
Debt securities	50,777	0	0	0	0	50,777
Financial liabilities held for trading	263,664	0	0	0	1	263,665
Current tax liabilities	944	0	0	0	0	944
Deferred tax liabilities	0	0	0	0	0	0
Other liabilities	78,733	0	0	0	0	78,733
Provisions	9,220	0	0	0	0	9,220
Subordinated debt	0	0	0	0	0	0
Shareholders' equity	455,684	0	0	0	0	455,684
Total liabilities	6,089,852	31,412	641	657	4,755	6,127,317

Net cash position	25,638	-26,642	41	37	926	0
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	Euro	US dollar	Swiss franc	Pond Sterling	Other	Total 2015
Total assets	6,586,658	4,770	682	694	5,681	6,598,485
Total liabilities	6,561,020	31,412	641	657	4,755	6,598,485
Net cash position	25,638	-26,642	41	37	926	0

The Bank is exposed to the effects of fluctuations in the exchange rates on the financial position and cash flows. Within the Bank, by currency and globally, limits are set up to the extent of the exposure given the closing and intraday prices. These limits are monitored daily. The above table provides an overview of the currency risk of the Bank as on 31/12/2016.

In this table the assets and liabilities of Bank Nagelmackers are presented at book value and categorized by currency. No specific sensitivity analysis was made concerning the currency risk concentration given the limited impact of the net balance sheet position.

36. Interest rate sensitivity of assets and liabilities

Amounts in KEUR

Assets	Immediately due	=< 3 months	3 months =< 1 year	1 year =< 5 years	> 5 years	Non-interest bearing / indefinite	Total 2016
Cash and central bank deposits	115,699	0	0	0	0	0	115,699
Due from Banks	311,457	57,084	523	0	0	0	369,064
Financial assets held for trading	0	160	0	0	0	0	160
Financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Financial assets available for sale	0	0	0	133,573	704,931	12,779	851,283
Loans and advances	75,167	300,202	850,257	961,988	2,449,449	49,966	4,687,029
Intangible assets	0	0	0	0	0	7,235	7,235
Property and equipment	0	0	0	0	0	25,800	25,800
Investment property	0	0	0	0	0	1,858	1,858
Current tax assets	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	12,323	12,323
Other assets	0	0	0	0	0	54,394	54,394
Owner occupied property held for sale	0	0	0	0	0	2,472	2,472
Total assets	502,323	357,446	850,780	1,095,561	3,154,380	166,827	6,127,317

Liabilities	Immediately due	=< 3 months	3 months =< 1 year	1 year =< 5 years	> 5 years	Non-interest bearing / indefinite	Total 2016
Due to Banks	2,238	269,029	110,564	0	0	0	381,831
Funds entrusted	9,760	190,371	639,284	454,141	115,757	3,477,150	4,886,463
Debt securities	1,197	7,026	17,675	21,476	3,403	0	50,777
Financial liabilities held for trading	0	263,665	0	0	0	0	263,665
Current tax liabilities	0	0	0	0	0	944	944
Deferred tax liabilities	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	78,733	78,733
Provisions	0	0	0	0	0	9,220	9,220
Subordinated debt	0	0	0	0	0	0	0
Shareholders' equity	0	0	0	0	0	455,684	455,684
Total liabilities	13,195	730,091	767,523	475,617	119,160	4,021,731	6,127,317

Total difference in interest rate sensitivity of assets and liabilities	489,128	-372,645	83,257	619,944	3,035,220	-3,854,904	0
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	Immediately due	=< 3 months	3 months =< 1 year	1 year =< 5 years	> 5 years	Non-interest bearing / indefinite	Total 2015
Total assets	799,716	361,655	933,271	1,278,150	3,080,544	145,149	6,598,485
Total liabilities	294,943	1,709,609	1,148,296	516,125	202,953	2,726,559	6,598,485
Total difference in interest rate sensitivity of assets and liabilities	504,773	-1,347,954	-215,025	762,025	2,877,591	-2,581,410	0

In funds entrusted, which are reported as undetermined, €2.201.223K relates to savings deposits.

Geographical concentration of assets and liabilities**Amounts in KEUR**

Assets	Belgium	Other EMU countries	Other countries	Total 2016
Cash and centrals bank deposits	105,126	10,540	33	115,699
Due from Banks	357,654	8,121	3,289	369,064
Financial assets held for trading	1	0	159	160
Financial assets at fair value through profit or loss	0	0	0	0
Financial assets available for sale	378,255	377,345	95,683	851,283
Loans and advances	4,639,785	38,670	8,574	4,687,029
Intangible assets	7,235	0	0	7,235
Property and equipment	25,800	0	0	25,800
Investment property	1,858	0	0	1,858
Current tax assets	0	0	0	0
Deferred tax assets	12,323	0	0	12,323
Other assets	54,394	0	0	54,394
Owner occupied property held for sale	2,472	0	0	2,472
Total assets	5,584,903	434,676	107,738	6,127,317

Liabilities	Belgium	Other EMU countries	Other countries	Total 2016
Due to Banks	326,658	55,173	0	381,831
Funds entrusted	4,710,589	154,637	21,237	4,886,463
Debt securities	48,883	1,293	601	50,777
Financial liabilities held for trading	2	189,748	73,915	263,665
Current tax liabilities	944	0	0	944
Deferred tax liabilities	0	0	0	0
Other liabilities	78,733	0	0	78,733
Provisions	9,220	0	0	9,220
Subordinated debt	0	0	0	0
Shareholders' equity	455,684	0	0	455,684
Total liabilities	5,630,713	400,851	95,753	6,127,317

Difference of geographical concentration of assets and liabilities	-45,810	33,825	11,985	0
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	Belgium	Other EMU countries	Other countries	Total 2015
Total assets	5,809,544	558,870	230,071	6,598,485
Total liabilities	5,774,595	663,491	160,399	6,598,485
Difference of geographical concentration of assets and liabilities	34,949	-104,621	69,672	0

37. Financial assets and liabilities at fair value

The table below summarizes the fair value of financial instruments. The determination of the fair value, if any, is based on market valuations. In cases where no valuation is available, a calculation of the fair value is made (with the Riskpro tool) by discounting future cash flows. This methodology is based on a number of assumptions including the discount rate and a certain lapse of the portfolio with corresponding cash flows. The credit valuation adjustment (CVA) is not calculated in the current model. The fair value presentation of financial institutions is therefore not comparable due to the use of different valuation methodologies and assumptions.

For the valuation rules, please refer to the "Overview of the most important principles applied for financial statements."

Amounts in KEUR

Assets	2016 Book value	2016 Fair value	2015 Book value	2015 Fair Value
Cash	115,699	115,699	277,184	277,184
Due from Banks	369,064	369,064	437,662	437,662
Financial assets held for trading				
- fixed income instruments	0	0	0	0
- equity and fixed income instruments	0	0	0	0
- derivatives	160	160	4,469	4,469
<i>Subtotal Trading</i>	<i>160</i>	<i>160</i>	<i>4,469</i>	<i>4,469</i>
Financial assets at fair value through profit or loss	0	0	0	0
Financial assets available for sale				
- fixed income instruments	850,099	850,099	1,084,372	1,084,372
- equity and fixed income instruments	1,184	1,184	306	306
<i>Subtotal AFS</i>	<i>851,283</i>	<i>851,283</i>	<i>1,084,678</i>	<i>1,084,678</i>
Loans and advances				
Privat & Retail				
- mortgages	2,740,629	2,987,279	2,056,367	2,238,200
- securitized mortgages	434,383	473,476	1,020,485	1,110,721
- other loans (R/C, LOA, TC, ...)	780,126	863,306	835,591	921,991
Large companies & large loans (>1 mio)	571,931	632,912	597,532	659,317
Government	1,961	2,170	14,173	15,638
<i>Subtotal Loans</i>	<i>4,529,030</i>	<i>4,959,143</i>	<i>4,524,148</i>	<i>4,945,867</i>
Total	5,865,236	6,295,349	6,328,141	6,749,860

	2016 Book value	2016 Fair value	2015 Book value	2015 Fair value
Liabilities				
Due to Banks	381,831	381,831	880,231	880,231
Funds entrusted	4,886,463	4,972,277	4,742,420	4,818,816
Debt securities	50,777	51,669	155,577	158,083
Financial liabilities held for trading	263,665	263,665	286,308	286,308
Subordinated debt	0	0	64,500	75,487
Total	5,582,736	5,669,442	6,129,036	6,218,925

	2016 Book value	2016 Fair value	2015 Book value	2015 Fair value
Contingencies				
- issued guaranties	23,383	23,383	23,320	23,320
- credit lines (margins)	395,418	395,418	229,808	229,808
Total	418,801	418,801	253,128	253,128

38. Derivatives

Amounts in KEUR

Derivatives not held for hedge accounting

2016	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	0	0	75,000	75,000	0	26,579
Forwards						
Options						
Valuta contracts, OTC						
Forwards	475	0	0	475	1	-2
Valuta contracts, exchange						
Options						
Other contracts						
OTC contracts						
Other contracts						
Total	475	0	75,000	75,475	1	26,577

Derivatives held for macro hedge accounting

2016	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	0	210,000	277,500	487,500	0	70,129

Derivatives held for micro hedge accounting

2016	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	0	0	0	381,000	0	166,765

Derivatives held for securitization

2016	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	0	294,231	0	294,231	159	194

Total Derivatives

2016	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Total	475	504,231	352,500	1,238,206	160	263,665

Derivatives not held for hedge accounting

2015	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	643	219	175,000	175,862	0	28,503
Forwards						
Options						
Valuta contracts, OTC						
Forwards	26,839	0	0	26,839	152	1
Valuta contracts, exchange						
Options						
Other contracts						
OTC contracts						
Other contracts						
Total	27,482	219	175,000	202,701	152	28,504

Derivatives held for macro hedge accounting

2015	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	130,000	210,000	85,000	425,000	0	49,207

Derivatives held for micro hedge accounting

2015	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	0	0	526,000	526,000	0	203,953

Derivatives held for securitization

2015	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Interest rate contracts, OTC						
Swaps	0	752,768	0	752,768	4,317	4,644

Total Derivatives

2015	Notional amount =< 1 year	Notional amount 1year =< 5 years	Notional amount >= 5 years	Notional amount total	Positive replacement value	Negative replacement value
Total	157,482	962,987	786,000	1,906,469	4,469	286,308

Derivatives include financial instruments embodied in contracts whose value depends on one or more underlying assets, reference prices or indices. The notional amounts related to derivatives are not recognized in the balance sheet because the existence of rights and obligations under the same agreement whose principal function only as calculation-units. Derivative transactions are concluded in the context of services to clients and to hedge its own currency risk or interest rate risk. In addition, a back-to-back swap is created in the context of the securitization.

39. Maximum credit risk**Amounts in KEUR**

Balance	2016	2015
Due from Banks	369,064	437,662
Financial assets held for trading :		
- fixed income instruments	0	0
- derivatives	1	152
Financial assets at fair value through profit or loss :		
- fixed income instruments	0	0
Financial assets available for sale :		
- fixed income instruments	850,099	1,084,372
Loans and advances :		
- private & retail		
- Mortgages secured by mortgages registration	2,740,629	2,056,367
- Securitized mortgages	434,383	1,020,485
- Other loans (R/C, LOA, term, ...)	780,126	835,591
- Large companies & large loans (>1 mio)	571,931	597,532
- Government	1,961	14,173
Other assets and accruals	54,394	37,028
Total	5,802,588	6,083,362

Off balance sheet	2016	2015
Issued guaranties	23,383	23,320
Credit lines (margins)	395,418	229,808
Total	418,801	253,128

40. Loans and receivables past due**Amounts in KEUR**

	Mortgages secured by mortgage registration	Securitized mortgages	Other loans	Large companies and large loans	Total 2016
				(> € 1 mln)	
Non-performing	30,026	3,628	47,821	15,732	97,207
Past due < 90 days	0	0	0	0	0
Past due > 90 days <= 180 days	3,880	580	2,528	3,409	10,397
Past due > 180 days <= 1 year	339	51	417	0	807
Past due > 1 year	25,807	2,997	44,876	12,323	86,003
Of which impaired	25,807	2,997	44,817	12,323	85,944
Fair value collateral	14,002	2,598	17,687	4,346	38,633
Impairment	11,805	399	27,130	7,977	47,311

	Mortgages secured by mortgage registration	Securitized mortgages	Other loans	Large companies and large loans	Total 2015
				(> € 1 mln)	
Non-performing	29,375	7,774	57,459	18,962	113,571
Past due < 90 days	0	0	711	3,772	4,484
Past due > 90 days <= 180 days	2,983	2,101	790	7,519	13,393
Past due > 180 days <= 1 year	11,458	364	7,675	0	19,497
Past due > 1 year	14,934	5,310	48,282	7,671	76,197
Of which impaired	25,597	5,310	55,704	7,671	94,282
Fair value collateral	18,753	3,542	20,470	1,692	44,458
Impairment	6,843	1,768	35,234	5,979	49,824

The collateral received mainly concerns a mortgage registration, possibly in combination with a mortgage mandate. For other loans, loans to large companies and large loans, a trading fund can also be taken as collateral.

42a. Fair value assets and liabilities**Amounts in KEUR**

Assets	Amortised cost	Level 1	Level 2	Level 3	Total 2016
Cash and centrals bank deposits		115,699			115,699
Due from Banks		369,064			369,064
Financial assets held for trading		160			160
Financial assets at fair value through profit or loss		0			0
Financial assets available for sale		851,283			851,283
Loans and advances			4,959,143		4,959,143
Intangible assets			7,235		7,235
Property and equipment			12,866	11,992	24,858
Investment property				1,858	1,858
Current tax assets			0		0
Deferred tax assets			12,323		12,323
Other assets			54,394		54,394
Owner occupied property held for sale				2,472	2,472
Total assets	0	1,336,206	5,045,961	16,322	6,398,489

Liabilities	Amortised cost	Level 1	Level 2	Level 3	Total 2016
Due to Banks		381,831			381,831
Funds entrusted			4,972,277		4,972,277
Debt securities			51,669		51,669
Financial liabilities held for trading			263,665		263,665
Current tax liabilities			944		944
Deferred tax liabilities			0		0
Other liabilities			78,733		78,733
Provisions			9,220		9,220
Subordinated debt			0		0
Shareholders' equity	455,684				455,684
Total liabilities	455,684	381,831	5,376,508	0	6,214,023

Level 1 : Market Valuation in active markets for the same product.

Level 2 : Market Valuation in active markets for similar product.

Level 3 : Valuation based on other valuation techniques, not based on market valuation in active market.

For the valuation of loans, an estimate has been made of the fair value by discounting future cash flows. This methodology is based on a number of assumptions including the discount rate and a certain lapse of the portfolio with corresponding cash flows. The CVA is not calculated in the current model.

For the valuation of investment properties and assets held for sale, Bank Nagelmackers is working with external estimates. For the valuation of property, plant and equipment, Bank Nagelmackers is working with internal and/or external estimates

Assets	Amortised cost	Level 1	Level 2	Level 3	Total 2015
Cash and centrals bank deposits		277,184			277,184
Bankers		437,662			437,662
Financial assets held for trading		4,469			4,469
Financial assets at fair value through profit or loss		0			0
Financial assets available for sale		1,084,678			1,084,678
Loans			4,945,867		4,945,867

Intangible assets			5,251		5,251
Property and equipment			10,168	11,992	22,160
Investment property				1,386	1,386
Current tax assets					0
Deferred tax assets			18,112		18,112
Other assets			37,028		37,028
Owner occupied property held for sale				2,486	2,486
Total assets	0	1,803,993	5,016,426	15,864	6,836,283

Liabilities	Amortised cost	Level 1	Level 2	Level 3	Total 2015
Bankers		880,231			880,231
Funds entrusted			4,818,816		4,818,816
Debt securities			158,083		158,083
Financial liabilities held for trading			286,308		286,308
Current tax liabilities			920		920
Deferred tax liabilities			0		0
Other liabilities			101,683		101,683
Provisions			9,040		9,040
Subordinated debt			75,487		75,487
Shareholders' equity	357,806				357,806
Total liabilities	357,806	880,231	5,450,337	0	6,688,374

Level 1: Market Valuation in active markets for the same product.

Level 2: Market Valuation in active markets for similar product.

Level 3: Valuation based on other valuation techniques, not based on market valuation in active market.

42b. Movement fair value assets and liabilities**Amounts in KEUR**

Assets	Carrying amount 2015	Fair value through P&L	Fair value through equity	Additions and disposals	Transfer to HFS	Transfer to IP	Depreciations	Accrued interest	Book value at end of 2016
Financial assets held for trading	4,469	-4,309	0	0	0	0	0	0	160
Financial assets at fair value through profit or loss	0	0	0	0	0	0	0	0	0
Financial assets available for sale	1,084,678	0	10,312	-228,943	0	0	-11,145	-3,619	851,283
Investment property	1,386	0	0	472	0	0	0	0	1,858

Liabilities	Carrying amount 2015	Fair value through P&L	Fair value through equity	Additions and disposals	Transfer to HFS	Transfer to IP	Depreciations	Accrued interest	Book value at end of 2016
Financial liabilities held for trading	286,308	-22,643	0	0	0	0	0	0	263,665

The changes listed here as fair value through equity concern the unrealized results that are recognized outside profit and loss.

The changes listed as fair value through profit and loss are affected by both the changes in value adjustment of interest rate swaps created to hedge interest rate risk and foreign exchange positions and the changes in value adjustment of the securitization swap.

43. Transferred assets

Amounts in KEUR

	Transferred assets			Associated liabilities		
	Book value	of which: securitized	of which: repo's	Book value	of which: securitized	of which: repo's
Financial assets held for trading	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0
Financial assets designated at fair value through profit or loss	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0
Available-for-sale financial assets	216,093	0	216,093	224,796	0	224,796
Equity instruments	0	0	0	0	0	0
Debt securities	216,093	0	216,093	224,796	0	224,796
Loans and advances	0	0	0	0	0	0
Loans and receivables	473,883	473,883	0	464,231	464,231	0
Debt securities	0	0	0	0	0	0
Loans and advances	473,883	473,883	0	464,231	464,231	0
Held-to-maturity investments	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0
Total 2016	689,976	473,883	216,093	689,027	464,231	224,796

	Transferred assets			Associated liabilities		
	Book value	of which: securitized	of which: repo's	Book value	of which: securitized	of which: repo's
Financial assets held for trading	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0
Financial assets designated at fair value through profit or loss	0	0	0	0	0	0
Equity instruments	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0
Available-for-sale financial assets	551,124	0	551,124	560,639	0	560,639
Equity instruments	0	0	0	0	0	0
Debt securities	551,124	0	551,124	560,639	0	560,639
Loans and advances	0	0	0	0	0	0
Loans and receivables	1,066,626	1,066,626	0	1,092,768	1,092,768	0
Debt securities	0	0	0	0	0	0
Loans and advances	1,066,626	1,066,626	0	1,092,768	1,092,768	0
Held-to-maturity investments	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Loans and advances	0	0	0	0	0	0
Total 2015	1,617,750	1,066,626	551,124	1,653,407	1,092,768	560,639

44. Encumbered assets**Amounts in KEUR**

	Book value encumbered assets	Book value unencumbered assets
Deposited collateral (IRS)	251,964	191,686
Equity and fixed income instruments	0	1,184
Fixed income instruments	223,919	626,180
Loans	436,694	4,118,851
Other assets	0	276,840
Total 2016	912,577	5,214,741

	Book value encumbered assets	Book value unencumbered assets
Deposited collateral (IRS)	225,421	402,894
Equity and fixed income instruments	0	306
Fixed income instruments	600,043	484,329
Loans	1,082,617	3,512,707
Other assets	0	290,167
Total 2015	1,908,081	4,690,403

45. Consolidation

Following companies are fully included in the scope of consolidation:

Unimo Limburg CVBA. Sterrenkundelaan 23. 1210 Brussels. 0401.322.850 (98,79%);

Unimo NV. Sterrenkundelaan 23. 1210 Brussels. 0459.108.423 (100%);

B-Arena NV. Koningsstraat 97. 1210 Brussels. 0882.540.048 (100%).

46. Special activities of the auditor

Specific activities of the auditor and activities carried out by companies with which he has a professional partnership (Art. 134 Company Code)

Amounts in KEUR

Description	Amount
Regular audit fees: consolidated	396
Regular audit fees: non-consolidated	365
Other audit fees: consolidated	24
Other audit fees: unconsolidated	21
Other non-audit assignments	0
Remuneration of assignments conducted by a company connected to the revisor	0

Brussels. March 22, 2017

Board of directors

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To the Issuer (for the financial years ended in 2015 and 2016)

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