

**Société Générale Effekten GmbH  
Frankfurt am Main**

**Group Management Report  
for the financial year from January 1 to December 31, 2022**

**A. Basic information about the Group**

**I. Preliminary remarks**

Société Générale Effekten GmbH (SGE), Frankfurt am Main, acquired the equity of Société Générale Securities Services GmbH (SGSS), Aschheim, and ALD Lease Finanz GmbH (ALD LF), Hamburg, including its subsidiaries, with the execution of the purchase agreement on January 1, 2017. Based on the rules set forth under Section 290 of the German Commercial Code (Handelsgesetzbuch, HGB) and Section 117 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), SGE is obligated to prepare consolidated financial statements and a Group management report at December 31, 2022.

**II. Business model**

The SGE Group operates in three segments that are managed respectively by SGE, SGSS, and ALD LF.

Société Générale Effekten GmbH (SGE) is a 100% subsidiary of Société Générale S.A. Frankfurt, which is a branch of Société Générale S.A., Paris (SG). The business purpose of the Company is the issuance and sale of securities and the acquisition, sale, holding, and management of equity interests.

The securities issued by SGE are offered publicly in one or more countries of the European Economic Area or Switzerland. Moreover, SGE may apply to have its securities admitted to trading in an organized market or multilateral trading system in the European Economic Area or a Swiss stock exchange. At the present time, SGE's securities are admitted for trading on the stock exchanges in Frankfurt, Stuttgart, Madrid, Barcelona, Milan, Paris, Stockholm, and Zurich.

The issues are purchased by SG and in a second step placed with end purchasers by SG in such a manner that it does not have an impact on the economic relationships of the issuer. The redemption of the securities is guaranteed by SG in the form of a parent company guarantee.

The parent company guarantee can be viewed at:

[https://prospectus.socgen.com/program\\_search/guarantee-2-mar-20](https://prospectus.socgen.com/program_search/guarantee-2-mar-20)

The Company holds shares in Société Générale Securities Services GmbH, Aschheim, and in ALD Lease Finanz GmbH, Hamburg.

ALD LF is an independent automobile leasing company not affiliated with any manufacturers and has its registered head office in Hamburg. Its aspiration is to promote the independence of car dealerships with its service portfolio and to increase their profitability.

Together with cooperation partners, particularly the subsidiary Bank Deutsches Kraftfahrzeuggewerbe GmbH (BDK), Hamburg, car dealerships and their customers are offered financing solutions and services covering all their automotive needs. The product range covers financial products in the dealership (sales financing and leasing, purchase financing, and insurance) that enhance the loyalty of the customers to the dealership and thus increase earning opportunities. As a subsidiary of ALD LF, BDK also works with several manufacturers and importers together, assuming a portion of the captive business up to and including the complete services of a manufacturer bank.

Additional value for dealerships is generated with digital service offerings and the new used car platform JuhuAuto. In this way, ALD LF helps the dealerships adapt to the requirements of digital sales processes by enabling them to generate their own effective customer leads via the dealerships' websites or receive such leads directly. A key focus of these digital products is to broker additional financing business together with the attendant higher earnings opportunities.

All essential sales and processing functions are performed as part of the services provided by employees of BDK. Therefore, the cooperation partners and customers receive the services for all products from one source.

SGSS is an asset management company as defined under Sections 17 and 18 of the German Investment Code (Kapitalanlagegesetzbuch, KAGB). The business model of SGSS involves the management of investment funds under the so-called Master AMC Model, as well as the in-sourcing of fund management from other asset management companies. Direct investments continue to be managed. This service is provided primarily to European customers. The AMC business and the administration of direct investments were completely discontinued as of 12/31/2022.

The discontinuation of all the business operations of SGSS as of the intended date of 12/31/2013 was decided by resolution of the Supervisory Board dated 11/14/2022 and by resolution of the shareholder on the same date. After that, the company will be continued only on an administrative basis. The operating divisions have been or will be terminated.

### **III. Branch offices**

BDK had maintained a branch office in Stuttgart, where decisions and loan processing were carried out for parts of the new business. This branch office was closed at the end of February 2022 and its activities were integrated into the processes of the headquarters in Hamburg.

### **IV. Internal management system**

Due to the different business models of the individual Group companies, Group management is carried out locally in the individual segments and a differentiation is made between the segments of Global Banking and Investor Solutions (SGE's warrant and certificate business), Financial Services to Corporates and Retail (ALD LF's lending and leasing business), and Asset Management (SGSS). Please refer to our comments in B. IV. for the performance indicators and key figures applied with respect to these management activities.

## **B. Economic report**

### **I. General economic conditions and sector-specific environment**

The German economy was affected by various factors in 2022, including the war in Ukraine, the energy crisis, high inflation, persistent supply chain problems, and the after-effects of the coronavirus pandemic. Whereas the German economy held up well despite difficult conditions in the first three quarters of the year, economic output declined in the fourth quarter of 2022.<sup>1</sup> Gross domestic product fell by 0.4% from the third quarter to the fourth quarter of 2022. On a full-year basis, gross domestic product expanded by 1.8% over the 2021 level. Economic conditions varied widely by sector. After nearly all coronavirus protective measures were lifted, service industries in particular benefitted from pent-up demand effects. Another key growth driver of the German economy was consumer spending, which rose by 4.6% over the previous year on a price-adjusted basis, nearly making it back to the pre-coronavirus level from 2019.<sup>2</sup>

In the past two years, prices of energy products (fuels, electricity, natural gas, and light heating oil) have risen sharply throughout the world. A key reason for the higher prices of energy products in the Eurozone is the formerly high level of dependence of many EU member states on Russian natural gas deliveries. Russia had already reduced natural gas deliveries before the invasion of Ukraine. After the war began, Russia restricted deliveries further so that dependent countries were forced to establish new business relationships to cover their natural gas needs. This development has driven up natural gas prices across the world. More than other industrialized nations, Germany has been especially hard hit by the higher prices of energy products.<sup>3</sup>

The German inflation rate in 2022 was higher than at any time since reunification. The full-year inflation rate was 7.9% (6.9% after the new calculation of the consumer basket), as compared to only 3.1% in 2021. As before, price increases were seen mainly in energy products and food, particularly since the start of the war in Ukraine. Monthly inflation rates were high throughout the year 2022. The highest level of 10.4% was reached in October 2022. To blunt the impact of higher prices, the German federal government enacted relief measures such as the 9-euro ticket, the fuel discount, the suspension of the Renewable Energy Act levy, and the reduction of sales taxes on natural gas and district heating. As another relief measure designed to soften the blow of higher energy prices, the German federal government enacted a one-off support payment to help consumers pay their natural gas and heating bills in December 2022. This program helped lower the inflation rate to 8.6% in December.<sup>4</sup>

To repress inflation, the European Central Bank (ECB) raised its base interest rate by 0.5 percentage points in July 2022. This was the first time the ECB raised interest rates since 2011. The interest rate was raised a second time by 0.75 percentage points in September and then a third time by 0.75 percentage points again in November 2022. In the last step to date, the interest rate was raised by 0.5 percentage points to 2.5% in December 2022.<sup>5</sup>

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<sup>1</sup> German Federal Office of Statistics (01/13/2023): Gross domestic product expanded by 1.9% in 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23\\_020\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_020_811.html) (01/13/2023).

<sup>2</sup> German Federal Office of Statistics (02/24/2023). Gross domestic product: Detailed findings on economic output in Q4 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23\\_070\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_070_811.html) (02/24/2023).

<sup>3</sup> German Bundesbank (12/19/2022): Rise in energy prices, euro exchange rate, and Germany's price competitiveness. <https://www.bundesbank.de/de/publikationen/berichte/monatsberichte/monatsbericht-dezember-2022-895890> (02/22/2023).

<sup>4</sup> German Federal Office of Statistics (01/17/2023): +7.9% inflation rate in 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23\\_022\\_611.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_022_611.html) (02/20/2023).

<sup>5</sup> Commerzbank (01/24/2023). ECB interest rate hike: What the decision means for your money. <https://www.commerzbank.de/blog/aktuelles/ezb-zinserhoehung/> (02/20/2023).

Many economists believe that whereas inflation will indeed weaken in 2023, price pressures will remain high, and therefore anticipate further interest rate hikes.<sup>6</sup> This expectation was supported by further interest rate hikes in February and March 2023, bringing the base interest rate to 3.5% at the present time.<sup>7</sup>

The German economy is significantly influenced by economic growth in foreign countries, particularly China and the United States. China's economy expanded by only 3% in 2022. Thus, China missed its growth target of 5.5%. The Chinese economy was slowed particularly by the lockdowns and other restrictions imposed under the strict zero-Covid strategy last year. The strict anti-coronavirus measures having been lifted in early December 2022, it is now expected that the Chinese economy will recover in the current year.<sup>8</sup> By contrast, the U.S. economy registered strong growth despite high inflation and rising interest rates, with gross domestic product increasing by 2.9% on an annualized basis.<sup>9</sup> The Eurozone economy grew at a faster rate in 2022 than China and the United States.<sup>10</sup> According to the European Commission, the European economy has proved to be more resilient than expected one year after the start of the Russian war of aggression against Ukraine. The Eurozone economy grew by 3.5% and the EU economy by 3.6%.<sup>11</sup> The EU labor market was strong, with the unemployment rate falling to the lowest-ever level of 6.1% in 2022.<sup>12</sup>

The laws under which most coronavirus protection measures had been imposed expired on March 19, 2022. Thus, the vaccination, recovery, or testing rule for entry to the workplace and the work-from-home requirement were lifted.<sup>13</sup>

Employees have the option of working from home via secured VPN access two days a week. Internal safety measures are always followed. Internal safety measures are always consistently followed. In addition, all measures are being taken to protect the health of employees working in the office.

### Issuance business

SGE is one of the ten leading issuers of derivative securities in Germany. As a part of Société Générale's Global Banking and Investor Solutions segment, it is the global leader in the segments of derivative and structured products.

<sup>6</sup> German Federal Office of Statistics (01/17/2023): +7.9% inflation rate in 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23\\_022\\_611.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_022_611.html) (02/20/2023), Handelsblatt (01/03/2023): Surprisingly sharp drop in German inflation: What economists expect for 2023. <https://www.handelsblatt.com/finanzen/geldpolitik/preisentwicklung-deutsche-inflation-faellt-ueberraschend-stark-was-oekonomen-fuer-2023-erwarten/28895950.html> (02/20/2023).

<sup>7</sup> European Central Bank (03/16/2023). Monetary Policy Resolutions. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230316~aad5249f30.de.html#:~:text=EZB%2DLeitzinsen&text=M%C3%A4rz%202023%20auf%203%2C50,3%2C00%20%25%20erh%C3%B6ht.> (03/28/2023).

<sup>8</sup> Manager Magazine (01/17/2023): China's economy grows by only three percent in 2022. <https://www.manager-magazin.de/politik/weltwirtschaft/nach-corona-lockdowns-chinas-wirtschaft-waechst-2022-nur-noch-um-drei-prozent-a-b6f97ae0-d79d-49cf-b90c-fb56baf1cb35> (02/17/2023).

<sup>9</sup> Handelsblatt (01/26/2023): Plus 2.9 percent: U.S. economy grows faster than expected in Q4 2022. <https://www.zeit.de/wirtschaft/2023-01/usa-wirtschaft-2022-leichtes-wachstum-inflation> (02/17/2023).

<sup>10</sup> Handelsblatt (01/31/2023): Eurozone grows faster than China and USA. <https://www.handelsblatt.com/politik/konjunktur/nachrichten/konjunktur-euro-zone-waechst-schneller-als-china-und-die-usa/28953834.html> (02/24/2023).

<sup>11</sup> German Federal Office of Statistics (01/31/2023): Eurozone GDP increased by 0.1%, EU GDP unchanged. <https://ec.europa.eu/eurostat/documents/2995521/15725194/2-31012023-AP-DE.pdf/fa543b32-9b8f-fe51-9b1b-50d72e7aef0f> (02/17/2023), European Commission (02/13/2023): Winter Forecast 2023: EU economy to avoid recession, but headwinds persist. [https://ec.europa.eu/commission/presscorner/detail/de/ip\\_23\\_707](https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707) (02/20/2023).

<sup>12</sup> European Commission (02/13/2023): Winter Forecast 2023: EU economy to avoid recession, but headwinds persist. [https://ec.europa.eu/commission/presscorner/detail/de/ip\\_23\\_707](https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707) (02/21/2023).

<sup>13</sup> German Federal Government (03/30/2022): More normalcy in everyday life. <https://www.bundesregierung.de/breg-de/suche/infektionsschutzgesetz-2013038> (08/17/2022).

SGE's objective is to continually extend the Company's market position in Germany and in the European market for listed products and to become a leading issuer.

The complexity of regulation and supervision remains very high (capital requirements, detailed requirements for risk management systems; information and frequency of disclosure obligations, amended prospectus laws). Under a European Union Directive (2020/1989), the Company is obligated to publish its consolidated financial statements and Group management report in the German Federal Gazette (Bundesanzeiger) in the new European Single Electronic Format (ESEF).

### Automobile industry

According to the German Federal Motor Transport Authority, 2,651,357 new cars were registered in Germany in 2022, that being 1.1% more than in the previous year. The negative trend in effect in the previous years after the coronavirus pandemic caused the market to shrink was reversed in 2022.

Whereas new car registrations in the first half of 2022 were well below the level of the corresponding period in the previous year, the market began to gather pace in August 2022, rising to the level of 314,318 new cars in December 2022, which was 38.1% higher than the corresponding figure for December 2021.

64.1% (PY: 65.4%) of new cars were registered commercially and 35.9% (PY: 34.6%) privately.

The share of new vehicle registrations represented by purely electric vehicles continued the trend of dynamic growth by rising from 13.6% in 2021 to 17.7% in 2022. Hybrid vehicles accounted for 31.2% of all new registrations in 2022 (PY: 28.8%). Registrations of diesel vehicles declined again, now representing only 17.8% of all new registrations (PY: 20.0%), while the share of gasoline-powered vehicles also declined to now only 32.6% (PY: 37.1%), nearly the same as the share of hybrid vehicles.

Among the German brands, Audi (+17.3%), Mercedes (+8.3%), and Porsche (+1.3%) posted gains over the previous year. All other German brands posted losses in 2022, with Smart losing the most (-49.3%), followed by Opel (-10.7%), Mini (-6.5%), and BMW (-5.7%). Despite declining in the reporting period (-1.8%), VW's share of new vehicle registrations was still the highest in the market, at 18.1%.

Certain import brands increased their respective shares of new vehicle registrations significantly, particularly Polestar (+166.4%), DS (+91.2%), Tesla (+76.2%), Dacia (+49.7%), Jeep (+27.3%), Alfa Romeo (+22.3%), and Kia (15.6%). The other import brands posted significant declines.

At 5,641,516 vehicles, the number of title transfers was 15.8% below the level of the previous year.

It can be noted, therefore, that the German motor vehicle industry did not benefit from the overall trend of economic growth, as confirmed by the sentiment indicator for brand-name automotive companies published by the trade magazine Kfz-betrieb, which came to 94 points at the end of 2022, not significantly higher than the year-ago reading of 93 points.

As a brand-independent automobile financier, the Group company ALD LF also suffered revenue declines from the previous year (-11.38%). However, the revenue declines were

lower than for the automobile industry as a whole. Together with the subsidiary BDK, ALD LF is still the No. 2 in the market of brand-independent automobile financiers.

### Asset Management

Again in 2022, the German investment fund industry showed itself to be resilient despite extreme market turmoil at times due to the Ukraine war, high energy prices, and rising inflation. Assets under management (excluding open-ended real estate funds) fell by almost 12% to EUR 3,804 billion (PY: EUR 4,059 billion). Net fund inflows totaled EUR 66 billion (PY: EUR 237 billion). Mutual funds accounted for EUR -4 billion, special funds for institutional investors EUR 62 billion, and assets managed outside of investment funds EUR 8 billion of net fund inflows.

## **II. Business developments**

### Global Banking and Investor Solutions

Issuance activity in financial year 2022 increased by 25.8% over the level of the previous year (2022: 579,956 issued products; 2021: 460,963 issued products).

In total, 28,592 investment products were issued in 2022 (PY: 41.639). In the category of products without capital protection, 14,438 products were issued as discount certificates, 9,954 products as bonus certificates, 3,860 products as reverse convertibles, 169 products as index/participation certificates, 156 products as express certificates, and 1 product as outperformance/sprint certificates. In the category of products with capital protection, 8 products were issued as structured bonds and 6 products as capital protection certificates.

Furthermore, 551,364 leverage products were issued (PY: 419,324). In addition to 339,496 products with knock-out options, 162,720 products were issued as warrants and 49,148 products as factor certificates in the category of products without knock-out options.

Of the total increase in issuance activity, the German market accounted for 76% and foreign markets accounted for 24% (of which 35% France; 34% Scandinavian market, 13% Switzerland, 12% Benelux, and 4% Iberian market, with Italy and UK accounting for less than 2%).

The subsidiary ALD Finanz Lease GmbH, Hamburg, acquired in 2017 held its own in a difficult market environment, although it reported a modestly lower profit. The impairment loss of EUR 515 thousand recognized previously in the Group's equity stake in Société Générale Securities Services GmbH, which reduced the purchase price to EUR 1, was reaffirmed on the basis of the expected trend of future profits.

In view of the increase in issuance activity, the Group's overall performance in the 2022 financial year can be regarded as positive. The subsidiaries fell short of expectations and missed the forecasts communicated in the previous year.

### Financial Services to Corporates and Retails

New loans granted in the segment of sales financing fell by EUR 162 million (-10%) to a total of EUR 1,430 million in 2022.

Compared to the previous year, the volume of loan receivables in the sales financing segment fell slightly to EUR 3,890 million (PY: EUR 4,040 million). The number of loan agreements in the portfolio likewise fell, by 15% to 333,357.

The managed portfolio of purchase financing loans increased by 67% to EUR 606 million at the end of financial year 2022.

Overall, new business and established business exhibited a weaker development than expected in the previous year's report. This development is primarily attributable to the already mentioned effects of the coronavirus crisis.

In unit figures, the leasing portfolio, which designates the number of active leasing contracts, developed as follows:

Financial year	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Portfolio additions	23,621	22,886	19,456	17,024	12,975
Vehicle portfolio	73,490	76,947	75,141	67,782	60,075

### Asset Management

Considering the impacts of the coronavirus pandemic and the Ukraine crisis, the performance of the Asset Management segment was satisfactory in financial year 2022. The income losses resulted primarily from the cutback of the Master AMC business. The lost income was not offset by cost savings in 2022. Moreover, the decision to discontinue operating activities in this business as of December 31, 2023 resulted in non-recurring effects of EUR 25.1 million, bringing the total loss as of December 31, 2022 to EUR 32.0 million.

The net banking income of EUR 19.5 million was 26.5% less than in the previous year. This decrease resulted mainly from the cutback of the Master AMC business.

Operating expenses increased by 53.9% to EUR 50.5 million, mainly due to the above-mentioned non-recurring effects. Other effects totaling EUR 1.0 million resulted from noncurrent asset disposals, impairments, and adjustments of right-of-use assets. Cost savings were realized particularly in wage and salary expenses, intercompany expenses, and software expenses.

### Overall assessment

In consideration of the developments in the individual segments described above, the Group's business performance is to be considered satisfactory in the 2022 financial year from the perspective of the Management, despite the difficult economic conditions.

### III. Financial position, cash flows and liquidity position, financial performance

#### a) Financial performance

The SGE Group's financial performance encompasses the period from January 1 to December 31, 2022.

	in EUR millions	in EUR millions
	12/31/2022	12/31/2021
Net interest income	159	161
Net commission income	45	61
Net result from financial transactions	4	(3)
Result from other activities	(9)	(30)
<b>Net banking income</b>	<b>198</b>	<b>187</b>
Personnel expense	(77)	(67)
Other administrative expenses	(45)	(41)
Depreciation, amortization and impairments	(19)	(7)
<b>Gross operating result</b>	<b>57</b>	<b>73</b>
Risk expenses	(10)	(3)
<b>Operating result</b>	<b>47</b>	<b>70</b>
<b>Earnings before taxes</b>	<b>47</b>	<b>69</b>
<b>Net profit/loss (Group share)</b>	<b>1</b>	<b>68</b>

Net interest income in the 2022 financial year amounted to EUR 159 million and was mainly generated in the lending and leasing business of the Financial Services to Corporates and Retail segment. Net commission income amounted to EUR 45 million in the 2022 financial year.

The result from other activities in the amount of EUR -9 million is mainly attributable to the Financial Services to Corporates and Retail segment and particularly includes expenses and income from operating leases under lessor relationships.

Consolidated net banking income amounted to EUR 198 million.

Key expense items in the Group include personnel expenses and other administrative expenses. Personnel expenses amounted to EUR 77 million and other administrative expenses amounted to EUR 45 million, both incurred primarily in the Financial Services to Corporates and Retail and Asset Management segments.

After taking non-controlling interests into account, the Group's net profit amounted to EUR 1 million in financial year 2022.

The financial performance of each segment is described in the following.



### Global Banking and Investor Solutions

The Company does not generate any profit from new issuance activities because the proceeds from sales of issued warrants and certificates are always offset by the expenses for purchases of the associated hedging transactions.

As a result of the hedging of currency risks, exchange rate fluctuations have no effects on the income statement.

Personnel and other operating expenses are charged to Société Générale S.A., Paris, on the basis of a cost-plus arrangement.

This segment incurred a loss of EUR 2.6 million in financial year 2022. This loss is mainly attributable to the difference in income collected under the cost-plus arrangement, losses on financial instruments measured at fair value through profit or loss, and interest expenses of EUR 3.5 million for the loan extended by Société Générale S.A. Frankfurt for the acquisition of equity interests in ALD LF and SGSS.

The financial performance developed in line with the business plan.

### Financial Services to Corporates and Retails

The net interest income of EUR 162.4 million was nearly unchanged from the previous year.

Commission income earned on insurance brokerage activity was lower due to the reduced level of new business resulting from the pandemic and the conversion of insurance products to comply with the newly applicable Insurance Distribution Directive as of July 1, 2022. Net commission income came to EUR 26.3 million.

The risk provisions of EUR 9.5 million were significantly less than the planned value.

The segment's net banking income of EUR 81.3 million was modestly less than planned due to the low volume of sales financing and lease contracts.

### Asset Management

The Asset Management segment generated net banking income of EUR 19.5 million in financial year 2022, mainly from net commission income from insourcing and Master AMC activities. Net interest income amounted to EUR 0.1 million.

Total expenses amounted to EUR 50.5 million in financial year 2022. This item was mainly composed of personnel expenses in the amount of EUR 22.2 million and Other administrative expenses in the amount of EUR 28.3 million. Reversals of EUR 2.1 million were recognized in respect of employee resignations, reducing the restructuring provision recognized in financial year 2020.

After taking into account depreciation, amortization and impairments and other expenses, as well as income from other activities, the segment generated a loss of EUR 32.0 million.

## b) Cash flows and liquidity position

The nature and execution of the Group's business activities are oriented towards ensuring that its liquidity position is always sufficient. Liabilities from the issuance of certificates and warrants are generally hedged using financial instruments with matching maturities denominated in the same currency and with identical price risks.

In the segment of Global Banking and Investor Solutions, cash transactions involving warrants and certificates arise from the issues and the corresponding hedging transactions, the payment of personnel expenses and other operating expenses, and the charging of these expenses to Société Générale S.A., Paris, and Société Générale Frankfurt. Due to the full reimbursement of all costs incurred by Société Générale S.A. in connection with the issues, the Group has sufficient liquidity at its disposal and is in a position to satisfy all payment obligations in the Global Banking and Investor Solutions segment.

In addition to equity, the Group borrows funds particularly from Société Générale S.A., Paris, at a fixed interest rate with bullet maturity or an amortizing structure to fund its leasing activities. We adhere to the principle of funding based primarily on matching maturities.

Credit lines have also been agreed with Société Générale S.A. and other financial institutions in order to ensure basic liquidity on the basis of the business plan. At the reporting date, Société Générale S.A. Frankfurt Branch disposed of a credit line with SG Effekten in the amount of EUR 10 million, which had not been drawn down, and credit lines in the Financial Services to Corporates and Retails segment totaling EUR 7,557 million, of which EUR 2,470 million had not been drawn down.

In the Financial Services to Corporates and Retails segment, we also use the instrument of securitized loan receivables. To date, we have bundled and publicly placed receivables in 9 structures under the name "Red & Black", which are used for the securitizations of the Société Générale Group. There were four active structures (PY: four active structures) at the reporting date. We present liabilities to the special-purpose entities from securitization under liabilities to customers. These liabilities amounted to EUR 1,857 million at the reporting date (PY: EUR 2,082 million).

The Group had liquid funds in the amount of EUR 112.6 million at December 31, 2022 (January 1, 2022: EUR 123.5 million) (see Note 4.4).

Liabilities to banks rose to EUR 3,684 million at December 31, 2022 (December 31, 2021: EUR 3,448 million), mainly as a consequence of higher term deposits.

Compared to December 31, 2021, the Other liabilities declined by EUR 4.5 million to EUR 170.3 million (see Note 7.3).

The provisions totaling EUR 89.6 million (January 1, 2022: EUR 98.8 million) mainly comprised provisions for legal disputes.

At December 31, 2022, off-balance sheet liabilities existed in the form of guarantee commitments and certificate transactions in the amount of EUR 240 million.

## c) Financial position

The statement of financial position mainly includes the item of issued securities and the associated hedging transactions; the amount of the latter varies in dependence on the Group's issuance activity.

Compared to December 31, 2021, total assets declined by EUR 353 million to EUR 8,259 million. This decrease resulted mainly from the lower amount of financial assets measured at fair value through profit or loss.

Compared to December 31, 2021, receivables from customers increased by EUR 92 million to EUR 4,441 million. These receivables mainly consisted of installment loans in connection with sales financing in the Financial Services to Corporates and Retail segment. The loans granted in sales financing were installment loans with pre-agreed terms and fixed interest rates.

Receivables from banks in the amount of EUR 198.0 million mainly consisted of short-term deposits at Société Générale S.A. and Deutsche Bank AG.

The noncurrent assets of EUR 463.6 million (December 31, 2021: EUR 572.2 million) consisted mainly of leasing assets in the amount of EUR 427.0 million (December 31, 2021: EUR 544.5 million) and intangible assets in the amount of EUR 2.5 million (December 31, 2021: EUR 2.6 million).

Receivables under leases amounted to EUR 462.8 million at December 31, 2022 (December 31, 2021: EUR 451.6 million).

Other assets (EUR 240 million) mainly comprised prepaid expenses in the amount of EUR 90 million (December 31, 2021: EUR 94 million) and Other receivables in the amount of EUR 152 million (December 31, 2021: EUR 115 million).

The liabilities of EUR 8,138 million consisted mainly of financial liabilities measured at fair value through profit or loss in the amount of EUR 2,314 million and liabilities to banks in the amount of EUR 3,684 million resulting from the funding of the lending and leasing business and the borrowing of loans to acquire subsidiaries.

The Group's equity amounted to EUR 121 million at December 31, 2022 (December 31, 2021: EUR 20 million). For more information on this subject, please refer to Note 10 of the notes to the consolidated financial statements and the statement of changes in equity.

#### Overall assessment

In consideration of the developments in the individual segments described above, both the Group's business performance and its financial position, financial performance, and cash flows in the 2022 financial year are to be assessed as satisfactory on the whole from the perspective of the Management. Attainment of the 2022 financial year targets communicated in 2021 was impeded by the effects of the Ukraine-Russia conflict and the high level of inflation. Despite the difficult economic environment, the forecasts were only marginally affected.

### **IV. Financial / non-financial performance indicators**

#### Global Banking and Investor Solutions

SGE, which makes up the Global Banking and Investor Solutions segment, is a pure issuance vehicle of the Société Générale S.A. Group, which generates its income from the cost-plus agreements in effect with Société Générale S.A. Paris and Société Générale

Frankfurt. The management of the issuance vehicle is based on the engineering of new products and the related, targeted placement of securities with investors.

The Company's internal management system is mainly operated through the systems and control procedures of the parent company. As part of its efforts to enhance operational efficiency, the parent company is continuously adjusting its systems and control procedures and adding to its internal procedures as needed. Financial accounting processes and controls are continually reviewed and adjusted when necessary.

No other non-financial performance indicators are used.

### Financial Services to Corporates and Retails

The net profit before profit transfer of the individual companies and return on equity (RoE) are used as financial performance indicators in the Financial Services to Corporates and Retail segment. RoE is the ratio of the result after taxes including subsidiaries to standardized equity. At this level, the RoE for 2022 was 15.4% (PY: 16.3%).

Another key figure is the number of new contracts in the leasing business. 12,975 new contracts were concluded in 2022. Compared to the previous year, therefore, the contract portfolio declined by 9%, from 67,782 to 60,075.

### Asset Management

The fund assets managed in self-managed mutual funds of SGSS amounted to approximately EUR 0.2 billion at December 31, 2022. The decrease from the previous year of approximately EUR 57.8 billion resulted from the cutback of the Master AMC business. Administered assets in direct investments were completely transferred to a new provider over the course of the year.

At December 31, 2022, the fund assets managed for other AMCs (insourcing) amounted to approximately EUR 17.7 billion, indicative of a volume decrease from the previous year of approximately EUR 17.2 billion. This negative development was mainly due to the loss of clients. Total fund assets under management amounted to EUR 17.9 billion at December 31, 2022 (PY: EUR 95.9 billion).

With respect to the key performance indicators (KPIs) defined for our customers, the results were good, as in the previous year, but there were still a few KPI breaches. In total, 95% (PY: 97%) of all KPIs were fulfilled.

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

### **I. Expected development of the Group (Forecast Report)**

#### General economic conditions

The German economy is suffering from the economic repercussions of the war in Ukraine, persistently high energy prices, and inflation. Nonetheless, it fared better in the early months

of 2023 than expected in the Autumn Forecast. Considering that Germany has made it through the energy crisis rather well so far, it will presumably be able to narrowly avoid a recession.<sup>14</sup> This assessment is supported by various factors, including the fact that a shortage of natural gas is no longer to be expected and the fact that the electricity and natural gas price brake has softened the blow of higher energy costs for private households and businesses. The turbulence in the energy markets has also receded appreciably. These developments can be expected to benefit business investment and industrial production in particular. In view of the further easing of supply chain problems and the high level of orders, industrial production should remain relatively strong during the current winter quarter.<sup>15</sup> The German federal government expects economic growth of 0.2% in the full year 2023 and 1.8% in 2024.<sup>16</sup>

The inflation rate remained high at the start of 2023, printing at 8.7% in January 2023. Energy products and food are still the main driving force behind inflation.<sup>17</sup> According to the German Bundesbank, the inflation rate will come down in the coming months, although the outlook is generally subject to considerable uncertainty.<sup>18</sup> The German federal government expects that the full-year inflation rate in 2023 will reach 6%.<sup>19</sup>

To combat inflation, the ECB resolved in March 2023 to raise the base interest rate by 0.5 percentage points, bringing it to 3.5%, where it remains at the present date.<sup>20</sup> The ECB plans to raise interest rates further to counter the pressure of underlying inflation.<sup>21</sup>

Under the influence of seasonal effects, unemployment rose by around 162,000 over the preceding month to reach 2.6 million in January 2023. Adjusted for seasonal effects, the number of unemployed persons declined by 15,000. The unemployment rate is 5.7%. The labor market appears to be robust despite the economically tough environment.<sup>22</sup> According to the German federal government, the number of gainfully employed people should rise this year to around 45.7 million.<sup>23</sup>

Thanks to the diminishing pandemic threat in Germany, passengers are no longer required to wear facemasks on local and long-distance mass transit as of February 2, 2023.<sup>24</sup> Moreover, the remaining testing and facemask mandates expired on March 1, 2023. Consequently, no further effects of the coronavirus pandemic on the economy are to be

<sup>14</sup> European Commission (02/13/2023): Winter Forecast 2023: EU economy to avoid recession, but headwinds persist. [https://ec.europa.eu/commission/presscorner/detail/de/ip\\_23\\_707](https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707) (02/21/2023).

<sup>15</sup> German Bundesbank (02/20/2023): Economy in Germany. <https://www.bundesbank.de/resource/blob/904850/673e78acfa50fe878b531c249dcdc09e/mL/2023-02-konjunktur-data.pdf> (02/22/2023).

<sup>16</sup> German Federal Government (01/25/2023): Annual Economic Report 2023. <https://www.bundesregierung.de/bregde/aktuelles/jahreswirtschaftsbericht-2023-2160264> (02/22/2023).

<sup>17</sup> German Federal Office of Statistics (02/22/2023): +8.7% inflation rate in January 2023. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23\\_069\\_611.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_069_611.html) (02/22/2023).

<sup>18</sup> German Bundesbank (02/20/2023): Economy in Germany. <https://www.bundesbank.de/resource/blob/904850/673e78acfa50fe878b531c249dcdc09e/mL/2023-02-konjunktur-data.pdf> (02/27/2023).

<sup>19</sup> European Commission (02/13/2023): Winter Forecast 2023: EU economy to avoid recession, but headwinds persist. [https://ec.europa.eu/commission/presscorner/detail/de/ip\\_23\\_707](https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707) (02/21/2023).

<sup>20</sup> European Central Bank (03/16/2023). Monetary Policy Resolutions. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230316~aad5249f30.de.html#:~:text=EZB%2DLeitzinsen&text=M%C3%A4rz%202023%20auf%203%2C50,3%2C00%20%25%20erh%C3%B6ht.> (03/28/2023).

<sup>21</sup> German Bundesbank (02/16/2023): ECB Economic Report, Issue 1/ 2023. <https://www.bundesbank.de/resource/blob/904624/8f941b26c5fd43bbeb49117b2b73d590/mL/2023-01-ezb-wb-data.pdf> (02/21/2023).

<sup>22</sup> German Federal Ministry of Labor and Social Affairs (01/31/2023): Stable labor market in an economically difficult environment. <https://www.bmas.de/DE/Service/Presse/Pressemitteilungen/2023/arbeitsmarktzahlen-januar-2023.html> (02/27/2023).

<sup>23</sup> German Federal Government (01/25/2023): Annual Economic Report 2023. <https://www.bundesregierung.de/bregde/aktuelles/jahreswirtschaftsbericht-2023-2160264> (02/22/2023).

<sup>24</sup> German Federal Government (02/02/2023): No more facemask requirement in long-distance mass transit. <https://www.bundesregierung.de/breg-de/themen/coronavirus/maskenpflicht-entfaellt-2157682> (02/27/2023).

expected. The German economy will be mainly impacted by the Russian invasion of Ukraine and elevated inflation in 2023.<sup>25</sup>

### Global Banking and Investor Solutions

The Management anticipates a further, modest increase in issuance activity.

As in the previous years, a broad range of warrants and certificates will be offered in 2023. Furthermore, an increased volume of follow-up issues of turbo warrants must be expected when barrier levels are breached in a volatile market environment.

Including accrued interest on borrowed loans in the amount of approximately EUR 3.5 million and the reimbursements paid on the basis of cost-plus agreements, we expect a loss of approximately EUR 2.6 million before the profit transfer to Société Générale Frankfurt on the basis of the existing profit transfer agreement.

Based on the assumptions made in our budget, no liquidity shortfalls are expected.

### Financial Services for Corporates and Retails

It is expected that the economic repercussions of the war in Ukraine, persistently high energy prices, and inflation will continue to affect the German economy.

Moreover, the ECB is planning to raise interest rates further. Despite all the uncertainty, economic growth of 0.2% is expected for Germany.

Another key factor affecting our business performance besides general economic conditions is the availability of new cars. We generally expect availability to improve in 2023.

We anticipate a moderate rise in losses on receivables in the current financial year.

Despite the recovery of new business, we expect our overall portfolio to shrink. We are forecasting that the profit/loss before profit transfer will be 10% to 15% lower than in 2022. This will translate to a RoE of around 12%.

A change in the geopolitical situation could directly create opportunities and risks for our business. On the other hand, persistent inflation and sharp interest rate rises could lead to a lower volume of new business than expected at the present time. Here, uncertainty about future business developments remains high.

### Asset Management

Société Générale Securities Services GmbH continues to expect a weakened and volatile economic environment, mainly due to the Russia-Ukraine war, the energy crisis, and inflation, which continue to have major effects on financial markets.

The project announced in November 2022 to discontinue business operations as of 12/31/2023 will cause a successive decline in income generated. As for operating expenses,

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<sup>25</sup> German Federal Government (02/24/2023). Other testing and facemask requirements to be lifted in March 2023. <https://www.bundesregierung.de/breg-de/themen/coronavirus/corona-schutzmassnahmen-2165474> (02/27/2023).

the Company anticipates a significant reduction of personnel and IT expenses, while Other administrative expenses are expected to remain stable.

We forecast an operating loss of approximately EUR 10 million in 2023.

### Overall assessment

For 2022, we expect a profit contribution from ALD Lease Finanz GmbH in the amount of EUR 66 million and expenses for the loss absorption of Société Générale Securities Services GmbH in the amount of approximately EUR 10 million on the basis of the profit transfer agreements in effect. Depending on the development of the Ukraine-Russia conflict and inflation, a negative deviation from the offered forecast cannot be ruled out.

Including the interest incurred on the loans in the amount of approximately EUR 3.5 million and the reimbursements made on the basis of the cost-plus agreements, we therefore expect a profit of approximately EUR 52.5 million before the profit transfer to Société Générale Frankfurt on the basis of the existing profit transfer agreement.

Based on the existing credit line with Société Générale Frankfurt Branch for EUR 10 million, no liquidity shortfalls are expected.

## **II. Risk Report**

### Risk management system

Risk management in the Group is carried out at the level of the risk-relevant entities ALD LF/BDK and SGSS. With respect to the risk management of SGE's business with warrants and certificates at the level of the SGE Group, it should be noted that all accruing risks are transferred to the Société Générale Group under a "Global Guarantee."

Risks incurred by the sub-group are presented on a net basis.

Key elements of the risk management system include the risk strategy, risk inventory, and risk-bearing capacity, as well as the risk management and controlling processes.

### Risk inventory

The following types of risk were identified as significant by the Group companies during the risk inventory that is carried out at least once every year:

- Counterparty default risks
- Market price and residual value risks
- Liquidity risks
- Operational risks
- Business and reputation risks
- Compliance risks

For the special assets held in Asset Management, the focus is on classic investment risks such as market, liquidity, compliance, and counterparty default risk. These "indirect" risks from the perspective of the Group are reflected as business risk or, in the event of statutory or contractual violations, as loss risk within operational risk.

## Risk strategy

Each Group company has its own risk strategy that is based on the respective company's business strategy and which defines the goals and actions for each type of risk. The risk strategies are reviewed annually and adjusted if necessary.

Work instructions coordinated with the risk strategies, structured reporting, and limit systems adapted to the type of risk, as well as the training and continuing education of our employees, are key elements of the risk management system for all types of risk.

Key risk indicators are also analyzed on a monthly and/or quarterly basis and documented in the Société Générale Group tool "GPS."

Protests and complaints are recorded in another central database, analyzed monthly, and reported to the Management and all department heads. Specific measures to reduce risk are devised with the use of these instruments.

### a) Counterparty default risks

## Global Banking and Investor Solutions

The Company is not exposed to settlement risks since payments from the sale of issued securities always offset payments for hedges and payments related to the exercise of warrants. Receivables from the concluded counter-transactions are owed exclusively by Société Générale S.A., Paris. The creditworthiness of Société Générale S.A., Paris, and its subsidiaries is the determining factor for assessing the Company's risk.

## Financial Services to Corporates and Retails

The Credit Risk Management Department (CRM) manages and monitors the Bank's credit risks. Creditworthiness decisions that have a bearing on the granting or rejection of credit are made in this department. From a defined credit volume, credit decisions are made in cooperation with Société Générale's Loan Department.

In the area of purchase financing, we manage 926 exposures, with the 10 largest borrowers accounting for 21% of the granted credit lines. CRM prepares a quarterly credit risk report for the Management. This is a component of the Bank's risk report and is presented to the full Supervisory Board on a quarterly basis. Moreover, the Bank's Risk Committee, which is composed of representatives of the front office and back office functions, meets every quarter to analyze the current risk situation and adopt appropriate measures.

In the sales financing business, a comparatively low level of individual risks is exhibited due to broad diversification. The 10 largest borrowers account for 0.10% of the total sales financing portfolio.

The credit decision in sales financing is made on the basis of a standardized and system-supported credit decision-making process in the Purchasing Service Center. Larger individual loans are additionally voted on and decided by the CRM.

The ABS Transactions No. 6, No. 7 and No. 8 were divided into 5 tranches. As in the preceding transactions, Class A (issue volume: EUR 930 million and EUR 935 million,



respectively) bears an AAA- and Aaa rating, respectively. Classes B–D of the ABS Transaction No. 6, which bear ratings AA, A+, A- and A1, Baa2, Ba1 and AA+, A- and BBB, respectively, and Classes B-D of the ABS Transaction No. 7, which bear ratings AAA, A+, A- and AA+, A and BBB, respectively, have likewise been placed. Classes B-D of the ABS Transaction No. 8, which bear ratings AAA, A+, A- and AA+, A, and BBB+, respectively, were placed in October 2021. In October 2022, Transaction No. 9 was placed identically to the ABS Transaction Nos. 6, 7, and 8. The Class A notes with a volume of EUR 567.3 million bear an AAA rating and Classes B-D bear ratings of AA, A+, BBB, and AA, A, and BB+, respectively. The unrated Class E in the amount of EUR 5 million and EUR 3 million, respectively, which covers the expected loss of the portfolio, is completely held in the Company's own portfolio.

Identified and latent credit risks are accounted for by recognizing specific valuation allowances and aggregated specific valuation allowances. The specific valuation allowances for bad debt in sales financing are formed by the application of general valuation allowance rates, the amounts of which are based on expected losses and range between 0.32% and 100%, depending on the payment default and status of the loan. In total, the specific valuation allowances recognized for credit risks amount to 1.1% of the sales financing portfolio (PY: 1.0%).

The specific valuation allowance rates in purchase financing for non-defaulted loans range as high as 10.32%, depending on the classification. The specific valuation allowances for defaulted loans are determined by analyzing each case individually. In total, specific valuation allowances have been established in the amount of 2.4% (PY: 4.0%) of the purchase financing portfolio.

The total amount of expected and unexpected credit risks (credit value at risk) at the reporting date was EUR 82.5 million (PY: EUR 70.5 million / confidence level 99.9%).

There are no counterparty and country risks.

Sustainability risks must also be mentioned in this context. Sustainability risks are possible events or conditions in the areas of environment, social or governance that would actually or potentially have adverse effects on the financial position, cash flows and financial performance, and the reputation of ALD Lease Finanz GmbH.

The ongoing shift of drive systems to electro-mobility and possible changes in the legal framework are potential factors that could influence the Company's future financial position and financial performance.

Together with the bank Deutsches Kraftfahrzeuggewerbe GmbH, the primary activity of ALD Lease Finanz GmbH is used car financing. Due to the fact that electric vehicles still account for a relatively small share of the used car market, the effects of the transition will take longer to materialize there than in the new car market.

The potentially growing influence of CO2 footprints in financial markets could adversely affect the Company's business model if such ESG factors would be incorporated into price mechanisms earlier or more quickly than the corresponding development of the loan portfolio, which would have the effect of reducing funding sources or making them more costly.

In preparation for the upcoming 7th amended version of the Minimum Requirements for Risk Management ("MaRisk"), one of the principal changes of which will be the extensive inclusion of ESG risks in risk management systems, the necessary fields of action have been identified, cataloged, and assigned to the responsible organizational units.

A strategy for identifying and seizing opportunities beyond the risk management system is being developed in the current financial year.

### Asset Management

In Asset Management, counterparty default risk from business partners is managed and monitored on a continuous basis at the level of the entity and the fund with the use of ratings, risk analyses, and appropriate limits. Given the structure of receivables, it is assumed that there is no identifiable default risk for the Group.

Please refer to our comments in Note 4.8 of the notes to the consolidated financial statements for additional information on credit risks.

### b) Market price and residual market risks

#### Global Banking and Investor Solutions

All market price risks from issued warrants and certificates are fully hedged by means of hedging transactions concluded with Société Générale S.A., Paris. Therefore, there are no price risks, currency risks, or interest rate risks.

#### Financial Services to Corporates and Retails

Residual value risk results from the leasing business of the Financial Services to Corporates and Retail segment.

The percentage of automobiles for which ALD LF bears the residual value risk is 48% (PY: 55%) of the total volume.

ALD LF relies on the expertise of ALD D for the assumption of residual value risk. ALD D's many years of experience in the marketing of individual vehicles and vehicle fleets is an essential basis for a reliable estimate of the realizable sales prices after the vehicles are returned.

This expertise is supplemented with the Company's own experience in marketing lease returns. In addition, the residual values calculated for individual models or model variants are checked against the residual value estimates of the DAT Group as a neutral external data source.

The residual values calculated for new contracts are reviewed and determined in regular meetings of the Residual Value Committee. The Residual Value Committee met once per quarter in 2022. Forecasts are used to ascertain the risk inherent in the portfolio.

As a general rule, ALD LF strives for break-even results at the end of the term when calculating residual values for the marketing of its used vehicles with due regard to the final invoices at the end of the contract. Changed market conditions (supply chain disruptions resulting from the coronavirus pandemic, the semiconductor crisis in the automobile sector) led to a shortage of new cars, as a result of which prices in the used car market have increased significantly since the second half of 2021. Thanks to this exceptional effect, the Company realized unexpectedly high proceeds on the resale of lease returns. This trend continued throughout the year 2022 and it remains in effect at the start of 2023 as well.

Overall, we generated a significantly positive resale result in 2022. As a result of lease term extensions during the coronavirus pandemic, moreover, the residual values of many vehicles at the return date are below expectations, which additionally favors the potential income to be earned on the vehicles in question. This situation too can be expected to normalize beginning in 2023/2024.

Since no loans are extended in foreign currencies in the Financial Services to Corporates and Retail segment and the Company's operations are funded exclusively in euros, foreign currency risk can be ruled out.

Interest rate risk is managed on a bank-wide basis by means of an interest rate sensitivity report, which is prepared and analyzed on a monthly basis by the ALM Team for BDK and at the level of the Group and the individual institutions for ALD LF. In order to measure risk, the key figure "sensitivity" is used, which makes a statement regarding the change in present value on the assets side and liabilities side based on different variations of the yield curve. The scenario of a parallel shift of +200 basis points yields the highest negative change in value of the portfolio, which is EUR 9,847 thousand (PY: EUR 14,409 thousand) for BDK. Derivative financial instruments are not used within BDK. For the ALD LF Group, the scenarios of +/- 10 basis points to be reported to Société Générale yield a change in value of the portfolio of EUR 442 thousand in the +10 basis point scenario and EUR 447 thousand in the -10 basis point scenario.

The ABS Transaction Nos. 6, 7, 8, and 9 issued in the years 2019, 2020, 2021, and 2022 were divided into five tranches. BDK will hold the lowest-ranking Class E over the full term of the transaction. This tranche bears the anticipated risks of the sold portfolio.

The default risk for these securities is already factored into the credit default risk of the loan receivables sold to the special-purpose entities.

For funding purposes, the Group employs short and medium-term funding resources and interest rate swaps.

Due to largely maturity-matched funding and the use of derivatives, there was no elevated interest rate risk on the reporting date.

The intention is to hold all instruments until the end of their contracts.

### Asset Management

The market price risks from equity investments are to be classified as low on the whole since liquid funds are invested primarily in current accounts and term deposit accounts, as well as, to a lesser extent, investment fund shares. The market price risks on the investment fund side have no direct effect on the Company and are measured and managed continuously in accordance with the requirements of the German Investment Code and the German Derivatives Regulation.

#### c) Liquidity risks

Due to the integration with the Société Générale Group, there are no identifiable liquidity risks at the present time. The funding requirements are determined annually during the

planning process and coordinated with the Société Générale Group. The funding is therefore largely provided in the form of credit lines from the Société Générale Group.

It is ensured that the Company is capable of meeting its payment obligations at all times by monitoring the cash flows on a daily basis and by close coordination with the back office departments in Paris. No liquidity risks are discernible at the present time due to the integration with the Société Générale Group.

As part of liquidity controlling, the management teams of the individual Group companies are also regularly informed of any liquidity risk. With respect to the management of liquidity risk, statistical analyses of the past are used, particularly for the purpose of forecasting early loan repayments. The funds' liquidity risks are monitored independently of this, using methods approved by the supervisory authorities.

At December 31, 2022, there was a total of EUR 2,470 million in freely disposable credit lines for ALD and EUR 10 million for SG Effekten.

Please refer to Note 13 of the notes to the consolidated financial statements for additional information on the management of liquidity risk.

#### d) Operational risks

The Group strives to reduce its operational risks to a minimum. Société Générale S.A., Paris, has developed processes and systems to monitor and manage operational risks that are used by the Group. These are based mainly on the principle of continuous monitoring. Processes are documented in specially designed applications and assessed on the basis of specified criteria in order to rule out losses from operational risks. In assessing operational risks, consideration must also be given to climate-related risks. Climate-related risks are divided into four sub-categories: physical risks (effects of extreme weather events and long-term changes in climatic and ecological conditions), mitigation risks (legislative measures to reduce greenhouse gas emissions), transition risks (risks resulting from adjustment processes), and adaptation risks (measures to prepare society and environment for the effects of climate change). The greatest risks for the Company are physical risks. To minimize these risks, precautionary measures have been implemented under the Business Continuity Plan (BCP) in order to maintain uninterrupted operations if the infrastructure is disrupted.

The same rules and principles that apply for Société Générale Effekten GmbH also apply for the outsourced processes in the service centers in Bangalore and Bucharest. Compliance with the specified processes is ensured by means of standardized committees and Key Process Indicators.

The function of fraud prevention, which monitors new business and the loan portfolio, identifies suspicious events, initiates measures to mitigate losses, and educates our employees, is especially important for the Financial Services to Corporates and Retail segment.

Operational risk is also reduced by the use of standardized loan agreements, the review of individual contracts by lawyers, published organizational guidelines and work instructions, and a well-functioning internal control system. Our service providers are integrated into BDK's control system by means of regular reporting and monitoring of outsourced activities.

In the Asset Management segment, an additional non-compliance risk (including legal and tax risks) has been identified. Non-compliance risk refers to the risk of contractual or

regulatory penalties or fines or other material financial losses resulting from non-compliance with regulatory and contractual provisions. There is a general risk that the Group will be liable to recourse as a result of violations of statutory or contractual provisions or due to breaches of a duty to exercise due care and diligence vis-à-vis investors. The Group counters these risks particularly by means of the careful selection and continuing education of its personnel and the use of adequate controlling instruments. If necessary, external consultants are also brought in. Furthermore, the Group has extensive insurance policies (personal injury, property damage, financial losses, etc.) to protect against these risks. In connection with the management of special assets, compliance with statutory and contractual provisions is taken into account by means of organizational, personnel and technical measures. The business processes are performed with the aid of effective computer systems. Operational mistakes are systematically recorded and reported. The status of implementation of countermeasures is systematically monitored.

We were able to ensure through the described measures and processes that there were no significant losses resulting from operational risks within the Group in the following areas in 2022:

- Reports required under regulatory law
- Risks associated with information technology
- Outsourcing risks
- Fraud risks

#### e) Business and reputation risks

Asset Management monitors customer satisfaction by means of customer KPIs, inquiry and complaint management, and regular customer surveys.

Realized business risks are identified by means of variances in the financial/budgetary planning, taking into account their type, scope, and complexity.

#### Risk management and controlling processes

The senior managers of the individual Group companies are responsible for risk management. SGE's management team focuses primarily on the "Global Guarantee" of the Société Générale Group. SGE's management determines the risk strategies and also decides on the design of the risk-bearing concepts, the economic capital to be included, and the amount of the assigned limits. There are no overarching risk management and controlling processes at the sub-group level of Société Générale Effekten GmbH due to the integration with the Société Générale Group.

With respect to both the procedural and organizational structure, rules have been issued to ensure compliance with the requisite separation of functions in all Group companies. The responsibilities for the initiation of risky transactions are separated from the responsibilities for risk management, back office functions, processing, and accounting.

#### Potential legal risks

The Group is exposed to risks from legal disputes or proceedings involving investors, authorities, or business partners in which we are either currently involved or which could arise in the future. In addition, the Group and its products are subject to constant tax and regulatory audits. The outcome of current, pending, or future audits and proceedings cannot be foreseen; as a result, expenses can be incurred due to decisions handed down by courts or other authorities or the agreement of settlements that are not covered in full or in part by

insurance benefits and which could have an impact on the Company and its results. Significant legal risks are covered by counter-guarantees given by the Société Générale S.A. Frankfurt.

Ongoing or future investigations and inquiries as a result of potential violations of statutory or regulatory provisions can lead to sanctions under criminal and civil laws, including monetary penalties and other financial disadvantages, that would have a negative impact on the Group's reputation, and ultimately have a negative impact on the success of its business.

Société Générale Securities Services GmbH has adequately provided for an ongoing case in the form of a guarantee by Société Générale S. A., Frankfurt Branch. Thanks to this guarantee, Société Générale Securities Services GmbH and Société Générale Effekten GmbH are not economically burdened by this case. Therefore, Société Générale Securities Services GmbH has netted the uncertain liability in the amount of EUR 60 million with the guarantee, which is for a total amount of EUR 110 million. Therefore, the risks of these legal disputes are adequately covered.

### **III. Report on opportunities**

The strategies of the individual Group companies are designed to identify arising opportunities early, to assess them using the risk management systems and/or based on resource estimates, and to take advantage of them by taking appropriate actions for the successful development of the Group.

#### Global Banking and Investor Solutions

As part of its warrants and certificates business, the Group uses a New Products Committee (NPC) convened in each case for the conception of new products, in which all departments participating in the issuing process present their requirements and resource allocations.

The examination focuses on all relevant factors for the Company, such as markets, the competitive situation, strategic orientation, current organization, personnel, back office technical processing potential, and volumes.

The Company intends to strengthen and expand its market share both in Germany and in Europe.

The Management expects a continued high level of issuance activity.

#### Financial Services to Corporates and Retails

The strategic orientation of the Financial Services to Corporates and Retail segment in the German market is coordinated with the international strategy of the Société Générale Group. The strategy is regularly checked against the Group's strategy in meetings of the Board of Directors and in regular reports to Société Générale S.A., Paris.

As in the past, our activities are focused on the intensification and expansion of partnerships with car dealerships and therefore on greater market penetration. Especially in the past financial year, it was critically important for dealerships to tap supplementary sales channels. For this purpose, we offer car dealerships additional services that enable them to attract customers together with us in a changing market environment.

For this reason, our digital products, which are also geared to leasing and financing, have become increasingly important for car sales in the last few years. These products include the financial calculator developed by us for the dealership's website, the calculation app for mobile devices, the preliminary loan approval for the dealership's website and our multi-brand new car calculator. In 2020, we also began developing a digital application procedure, which when completed will make it possible to conclude a loan agreement without physical interaction in the dealership. Moreover, our digitalization specialists in the field will advise dealerships in matters of the digital transformation.

In late 2019, we introduced a used car platform for our dealership partners under the brand name "JuhuAuto." The vehicles of our dealer partners are offered on this platform, which features an intuitive search function. The number of vehicles offered for sale on the platform rose to nearly 80,000 over the course of 2022.

Since 2015, the Company has been developing a concept for marketing our lease returns that is based on using selected dealership partners to sell the vehicles. Under this concept, our lease returns will be offered to end customers at the sales outlets of our partners. In addition, vehicles have been purchased selectively for subsequent marketing.

Thus, our sales success is closely associated with the success of our sales partners, and the cooperating dealerships. The collaboration with importers, dealership associations and their members has been strengthened and enhanced in the last few years. More than 3,100 car dealerships utilized these services and sold the products to their customers in 2022.

Another key factor affecting our business performance besides general economic conditions is the availability of new cars. We generally expect availability to improve in 2023.

Current risks are seen in the still uncertain development of the economic environment affecting the new and used car market, as well as continuing supply chain disruptions affecting manufacturers, particularly in the first half of the year.

### Overall assessment

It is expected that future economic conditions will be impacted by the Ukraine-Russia conflict and rising inflation. The 0.4% contraction of German economic activity in the fourth quarter of 2022 will probably be made up already in the first quarter of 2023.<sup>26</sup> The German Federal Ministry for Economic Affairs and Climate Action expects stagnant economic growth in the first quarter of 2023.<sup>27</sup> It expects full-year economic growth of 0.2%.<sup>28</sup>

Under the present conditions, particularly the Ukraine-Russia conflict and the high level of inflation, it is difficult to make a statement about the outlook for financial year 2023. All in all, the Management anticipates a positive development.

<sup>26</sup> German Federal Office of Statistics (02/24/2023): Gross domestic product: Detailed findings on economic output in Q4 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23\\_070\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_070_811.html) (02/24/2023).

<sup>27</sup> German Federal Ministry for Economic Affairs and Climate Action (12/23/2022): GDP Nowcast for Q4 2022 and Q1 2023. [https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2023/01/12-konjunktur-BIP-nowcast.html#:~:text=%2D0%2C0%20%25%20f%C3%BCr%20das,Dezember\).&text=Das%20Prognosemodell%20des%20Nowcast%20sch%C3%A4tzt,Vorquartal%20von%200%2C2%20%25.](https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2023/01/12-konjunktur-BIP-nowcast.html#:~:text=%2D0%2C0%20%25%20f%C3%BCr%20das,Dezember).&text=Das%20Prognosemodell%20des%20Nowcast%20sch%C3%A4tzt,Vorquartal%20von%200%2C2%20%25.) (03/08/2023).

<sup>28</sup> German Federal Government (01/25/2023): Annual Economic Report 2023. <https://www.bundesregierung.de/bregde/aktuelles/jahreswirtschaftsbericht-2023-2160264> (02/22/2023).

#### **D. Internal control and risk management system with respect to the financial accounting process**

At the Group level, the Société Générale Group is subject to supervision by the French supervisory authority ACPR and since November 4, 2014, supervision by the European Central Bank; it is also subject to French bank regulations, which require a minimum standard for all Group entities.

To the extent that local laws and regulations prescribe stricter standards than the laws applicable in France, the stricter standards are applied in every case.

The internal control system (ICS) is based on the three-lines-of-defense model, which is continually adjusted to meet the latest requirements.

#### **FIRST LINE OF DEFENSE**

The first line of defense (LOD1) is the level of Business Units (BUs) and Support Units (SUs), which assume risks and bear direct responsibility for continuous operational management. The BUs and SUs bear primary responsibility for risk assessment and for control and oversight measures within their given areas, and for the ongoing performance of first-level controls according to the norms, standards and procedures established by the second line of defense. At the level of the first line of defense, suitable procedures and control systems are employed to ensure risk identification, analysis, measurement, control and mitigation with due regard to the Group's risk appetite and in compliance with all external and internal requirements for their business activities. To this end, the senior managers of the BUs and SUs or the managers responsible for business processes implement the following measures, to the extent necessary:

- Allocation of necessary and adequate resources to perform the first-level controls;
- Specification of normative first-level control processes (LOD1) to ensure the fulfillment of the control objectives in an appropriate relationship to the Group's risk appetite;
- Assurance of the preparation, implementation and monitoring of the first-level controls;
- Monitoring of the quality of implementation and appropriateness of the reported results;
- Regular review of controls and the implementation of necessary changes, particularly in the case of changes in the business activities and the associated risks due to new laws and regulations;
- Quarterly approval of control measures at the senior management level;
- Communication of control results.

Senior operational managers are also responsible for ensuring that all employees under their supervision are appropriately informed of their responsibilities related to risk management and control.

#### **SECOND LINE OF DEFENSE**

The Risk Department, Compliance Department and Finance Department form the second line of defense (LOD2). They are responsible for the identification, assessment, analysis, measurement, monitoring and control of all risks, as well as correct reporting in the form of a risk summary prepared by the respective Group entities. This includes the adoption of



suitable norms, standards and procedures in consideration of the operational risk framework and the provision of material indicators and analyses for general risk monitoring. They are also responsible for assessing the Group's risk profile and for the effectiveness of the operational risk framework at the level of the BUs and SUs. The three SUs monitor and support the implementation of risk management measures by the BUs in order to ensure the appropriateness and effectiveness of the processes and controls at the level of the first line of defense. By continually performing second-level control activities, they ensure the appropriateness, functionality and effectiveness of the continual first-level controls.

In this context, the three strategic SUs exercise the following functions in the risk areas assigned to them:

- Groupwide control function;
- Continual second-level control activities.

Within the Finance Department (DFIN), the Groupwide control function is distributed to several sub-departments, depending on the process in question. The responsibilities of these departments ("process owners") are listed in the following:

- The Accounting Department is responsible for processes related to the preparation of accounting information;
- The Regulation Department is responsible for processes related to the preparation of supervisory or regulatory information;
- The ALM Department is responsible for processes related to the management of structural risks;
- The Funding and Treasury Department is responsible for processes related to funding and liquidity management;
- The Finance Management Department is responsible for processes related to the preparation of management reports and indicators and for finance administration;
- The Finance Communication Department is responsible for processes related to finance communication;
- The Vendor Payments Department is responsible for processes related to the payment of overhead costs and vendors.

### **THIRD LINE OF DEFENSE**

Within Société Générale S.A., the second-level control teams report to the responsible Group SUs. The Risk Management Function or the Finance Management Function (DFIN) under the supervision of the Risk Division are therefore responsible for the control function for second-level structural risks.

Within the third line of defense, all Group-level activities, transactions and processes are reviewed by the General Inspection or Internal Audit Departments (LOD3), without exception. General Inspection and Internal Audit are also authorized to audit Group activities in countries that do not have a Group location. The awarding of services to outside service providers is subject to audits by General Inspection or Internal Audit under the leadership of the General Inspections Committee (CIIG), i.e. several Group companies can commission a single audit of a service provider engaged by them jointly.

## **CONTINUAL CONTROLS**

### **CONTINUAL FIRST-LEVEL CONTROL ACTIVITIES**

The continual first-level control activities are performed within the BUs as part of their operational activities. They ensure the security and quality of transactions and operational activities. These control activities comprise a number of continual measures to ensure compliance with regulations and with the validation and security requirements for transactions at the operational level.

The continual control activities include:

- Risk avoidance systems: These control measures are performed on a regular and ongoing basis or by means of automated processes within the scope of transaction processing. This includes a framework plan for risk management, i.e. security regulations and controls (including automated ones) within the scope of transaction processing or controls within the scope of operational processes.
- Control activities by the senior management: Line managers are responsible for ensuring the correct functioning of all systems in their area of responsibility. In this context, regularly performed, formal procedures ensure employees' compliance with regulations and procedures and the effective performance of first-level controls. The control activities of line managers mainly comprise adjustments of the primary controls from the standard normative controls.

Division managers use controls performed by special teams, e.g. (i) for sensitive processes for which stricter or standardized controls are required or to avoid self-controls (e.g. the commencement of customer relationships in the retail business), and/or (ii) insofar as the bundling of control activities increases productivity.

### **CONTINUAL SECOND-LEVEL CONTROL ACTIVITIES**

Continual second-level control activities are the measures belonging to the second line of defense. In this way, operational managers bear responsibility for risk assessment and management, as well as operational security, using inter alia the prescribed standards and the procedures, methods and controls defined for this purpose.

The continual second-level control activities are performed by teams that act independently of the operational teams:

At the Group level, the continual control activities are performed by teams that report to the Group SUs, which form the second line of defense for the following three functions:

- Finance: The continual second-level control activities relate to quality in accounting, regulatory or supervisory and financial information, as well as tax matters, with the exception of tax avoidance risks (FATCA – Foreign Account Tax Compliance Act and CRS – Common Reporting Standard);
- Compliance: The continual second-level control activities relate to compliance audits and comprise legal audits and audits related to tax avoidance risks;
- Risk: The continual second-level control activities relate to credit and market risks, as well as structural risks such as liquidity risk and operational risks. Operational risks particularly include risks within the scope of the core business (including fraudulent acts), as well as procurement, communication, property or personnel risks and risks in IT processes and systems.

## **E. Non-financial Group statement**

Due to the affiliation with the Société Générale Group, SGE Group avails itself of the exemption granted under Section 315b (2) sentence 2 of the German Commercial Code (Handelsgesetzbuch, HGB). Société Générale S.A., Paris, publishes a separate non-financial Group report in English annually on its website ([www.societegenerale.com](http://www.societegenerale.com)).

Frankfurt am Main, April 27, 2023

The Management

Société Générale Effekten GmbH

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Helmut Höfer

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Nurten Spitzer-Erdogan

**Consolidated Financial Statements of Société Générale Effekten  
GmbH,  
Frankfurt am Main**

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**at 12/31/2022**

WEBSITE: [www. http://sg-zertifikate.de](http://sg-zertifikate.de)

Explanation of changes of the name or other identifiers of the reporting entity that have occurred since the end of the previous reporting period	N/A
Name of the Group	SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBH
Address where the consolidated financial statements are available	Neue Mainzer Straße 46 – 50 60311 Frankfurt am Main
Address of the Group	Neue Mainzer Straße 46 – 50 60311 Frankfurt am Main
Legal form of the Group's parent company	GmbH – Gesellschaft mit beschränkter Haftung (limited liability company under German law)
Country of the Group	Germany
Address of the registered head office of the Group	Neue Mainzer Straße 46 – 50 60311 Frankfurt am Main
Principal place of business of the subsidiary	N/A
Description of the nature of business activity of the company and its principal activities	Issuance activity and holding of equity investments
Name of the parent company	SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBH
Name of the highest-ranking parent company of the corporate group	Société Générale S.A., Paris
Name or other identifier of the reporting entity	Frankfurt am Main - record no. HRB 32283

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# CONSOLIDATED FINANCIAL STATEMENTS

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## CONSOLIDATED INCOME STATEMENT

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<i>(In euro thousands)</i>	Note	<b>2022</b>	<b>2021</b>
Interest and similar income	Note 4.7	195,186	175,580
Interest and similar expenses	Note 4.7	(36,259)	(15,152)
Commission income	Note 7.1	56,814	74,885
Commission expenses	Note 7.1	(12,267)	(14,337)
Net result from financial transactions	Note 4.1	3,706	(3,271)
thereof net gains or losses from financial instruments measured at fair value through profit or loss		3,706	(3,271)
Income from other activities	Note 7.2	397,876	385,691
Expenses for other activities	Note 7.2	(407,331)	(416,085)
<b>Net banking income</b>		<b>197,725</b>	<b>187,311</b>
Personnel expenses	Note 8	(76,930)	(66,666)
Other administrative expenses	Note 12.2	(44,700)	(40,920)
Expenses for depreciation, amortization and impairments of intangible assets and property, plant and equipment	Note 5	(18,918)	(6,560)
<b>Gross operating result</b>		<b>57,177</b>	<b>73,165</b>
Risk expenses (impairments of financial assets and commitments)	Note 4.8	(9,507)	(2,805)
<b>Operating result</b>		<b>47,670</b>	<b>70,360</b>
Net gains or losses from other assets		(954)	(984)
Impairments of goodwill	Note 6	-	-
<b>Profit/loss before taxes</b>		<b>46,716</b>	<b>69,376</b>
Income taxes	Note 9	-	-
<b>Net profit/loss of all companies in the consolidation group</b>		<b>46,716</b>	<b>69,376</b>
Non-controlling interests		45,505	1,678
<b>Net profit/loss (Group's share)</b>		<b>1,211</b>	<b>67,698</b>



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

---

<i>(In euro thousands)</i>	<b>2022</b>	<b>2021</b>
<b>Net profit/loss</b>	<b>46,716</b>	<b>69,376</b>
<b>Gains and losses recognized directly in equity, that will be reclassified to profit or loss at a later time:</b>		
Remeasurement differences from hedging instruments	34,763	3,819
<b>Gains and losses recognized directly in equity, that will not be reclassified to profit or loss at a later time:</b>		
Actuarial gains and losses on post-employment benefits	7,385	4,079
Tax-related	(1,880)	(789)
<b>Total other comprehensive income</b>	<b>40,268</b>	<b>7,109</b>
<b>Comprehensive income (net profit/loss and other comprehensive income)</b>	<b>86,984</b>	<b>76,485</b>
thereof attributable to the Group	87,102	77,107
thereof attributable to non-controlling interests	(118)	(622)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

---

<i>(In euro thousands)</i>	Note	<b>12/31/2022</b>	<b>12/31/2021</b>
Financial assets measured at fair value through profit or loss	Note 4.1	2,396,965	2,873,999
Hedging derivatives	Note 4.2	55,040	4,541
Receivables from banks at amortized cost	Note 4.4 4.9	197,997	152,653
Loans to and receivables from banks at amortized cost	Note 4.4 4.9	4,441,239	4,348,791
Receivables from finance leases	Note 4.4 4.9	462,808	451,641
Tax assets	Note 9	200	154
Other assets	Note 7.3	239,571	206,643
Property, plant and equipment and intangible assets	Note 5	463,639	572,229
Goodwill	Note 6	1,569	1,569
<b>Total</b>		<b>8,259,028</b>	<b>8,612,220</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES AND EQUITY

---

<i>(In euro thousands)</i>	Note	<b>12/31/2022</b>	<b>12/31/2021</b>
Financial liabilities measured at fair value through profit or loss	Note 4.1	2,313,817	2,791,129
Hedging derivatives	Note 4.2	-	133
Securitized liabilities	Note 4.5 4.9	1,859,549	2,074,189
Liabilities to banks	Note 4.5 4.9	3,683,911	3,448,289
Liabilities to customers	Note 4.5 4.9	68	208
Tax liabilities	Note 9	20,397	4,747
Other liabilities	Note 7.3	170,298	174,802
Provisions	Note 12.3	89,560	98,766
<b>Total liabilities</b>		<b>8,137,600</b>	<b>8,592,263</b>
EQUITY	Note 10		
Equity, Group's share			
Subscribed capital, equity instruments and additional paid-in capital reserves		26	26
Profit carried forward		1,138	1,138
Group reserves		34,053	(52,231)
Financial year net profit/loss		1,211	67,698
<b>Sub-total</b>		<b>36,428</b>	<b>16,632</b>
Unrealized or deferred capital gains and losses		43,756	3,488
<b>Subtotal equity (Group's share)</b>		<b>80,184</b>	<b>20,120</b>
Non-controlling interests		41,244	(162)
<b>Total equity</b>		<b>121,428</b>	<b>19,957</b>
<b>Total</b>		<b>8,259,028</b>	<b>8,612,220</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity and reserves					Gains and loss recognized directly in equity			Non-controlling interests				
	Subscribed capital	Group reserves	Total	Profit carried forward	Net profit/loss (Group's share)	To be reclassified to profit or loss at a later time	Not to be reclassified to profit or loss at a later time	Total	Equity, Group's share	Equity and reserves	Gains and losses recognized directly in equity	Total	Total Group equity
In euro thousands													
Equity at 01/01/2021	26	(3,242)	(3,216)	1,138		(787)	(2,834)	(3,621)	(5,699)	(2,875)		(2,875)	(8,573)
Gains and losses recognized directly in equity						3,819	3,290	7,109	7,109				7,109
Net profit/loss for 2021					67,698				67,698	1,678		1,678	69,376
Other changes*		(48,989)	(48,989)						(48,989)	1,035		1,035	(47,954)
Sub-total		(48,989)	(48,989)		67,698	3,819	3,290	7,109	25,818	2,713		2,713	28,531
Equity at 12/31/2021	26	(52,231)	(52,205)	1,138	67,698	3,032	456	3,488	20,119	(162)		(162)	19,957
Utilization of profit		67,698	67,698		(67,698)								
Equity at 01/01/2022	26	15,467	15,493	1,138	0	3,032	456	3,488	20,119	(162)		(162)	19,957
Gains and losses recognized directly in equity						34,763	5,505	40,268	40,268				40,268
Net profit/loss for 2022					1,211			0	1,211	45,505		45,505	46,716
Other changes*		18,585	18,585						18,585	(4,099)		(4,099)	14,486
Sub-total		18,585	18,585		1,211	34,763	5,505	40,268	60,064	41,406		41,406	101,470
Equity at 12/31/2022	26	34,053	34,079	1,138	1,211	37,795	5,961	43,756	80,184	41,244		41,244	121,428

\*) The Other changes result from liabilities to Société Générale S.A. Frankfurt Branch from the transfer of the profit for 2022 calculated in accordance with the German Commercial Code (HGB) in the amount of EUR 27,144 thousand on the basis of a profit transfer agreement concluded by signature of September 7, 2016 and from the adjustments made as a result of the introduction of IFRS 16.

# CONSOLIDATED STATEMENT OF CASH FLOWS

		2022	2021
<i>(In euro thousands)</i>			
<b>Net profit/loss</b>		<b>46,716</b>	<b>69,376</b>
Expenses for depreciation and amortization of property, plant and equipment and intangible assets (including operating leases)		85,503	100,943
Expenses for impairments of property, plant and equipment and intangible assets (including operating leases) and net additions to provisions		(3,929)	(14,067)
Net gain or loss from sales of consolidated subsidiaries and other noncurrent securities – Equity instruments measured at fair value through profit or loss		-	-
Other changes		(38,237)	(95,844)
<b>Non-monetary components included in the net profit/loss after taxes, and other adjustments, excluding gains or losses on financial instruments measured at fair value through profit or loss</b>		<b>43,337</b>	<b>(8,968)</b>
Net gain or loss from financial instruments measured at fair value through profit or loss		13,508	819
Interbank transactions		588,844	596,008
Transactions with customers		(95,874)	83,435
Transactions with other financial assets / liabilities		(941,611)	(363,164)
Transactions with other non-financial assets / liabilities		(34,897)	11,401
<b>Net increases / decreases in operating assets / liabilities</b>		<b>(470,029)</b>	<b>328,499</b>
<b>NETTO CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(379,976)</b>	<b>388,907</b>
Cash flows from purchases and sales of financial assets and equity investments		2,287	-
Cash flows from purchases and sales of property, plant and equipment and intangible assets		132,032	17,380
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>134,319</b>	<b>17,380</b>
Other cash flows from financing activities		203,800	(370,966)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>203,800</b>	<b>(370,966)</b>
<b>NET CASH FLOW FROM CASH AND CASH EQUIVALENTS</b>		<b>(41,857)</b>	<b>35,321</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<b>109,139</b>	<b>73,818</b>
Net amount of bank accounts, sight deposits and deposits / loans with banks		(41,857)	35,321
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>67,281</b>	<b>109,139</b>

In accordance with the policy of Société Générale Group, the SGE Group considers cash on hand, sight deposits, loans and advances to central banks and banks to be cash and cash equivalents in preparing the statement of cash flows. At December 31, 2022, cash and cash equivalents consisted only of call deposits with banks in the amount of EUR 112 million (PY: EUR 124 million, Note 4.4), less loans to banks payable at call (deposits and current accounts) in the amount of EUR 45 million (PY: EUR 14 million, Note 4.5).

Cash flows from interest amounted to EUR 203 million and cash flows from taxes amounted to EUR 0 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 – BASIC INFORMATION ABOUT THE CONSOLIDATED STATEMENT STATEMENTS

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Société Générale Effekten GmbH is a limited liability company under German law, with its registered head office in Frankfurt am Main (Neue Mainzer Str. 46-50, 60311 Frankfurt am Main, Germany). It is entered in the Frankfurt am Main Local Court under record no. HRB 32283. The company's consolidated financial statements include the company and its controlled subsidiaries (referred to collectively as the "Group"). The Group is primarily active in the issuance of options and certificates, the provision of financing and leasing services, and asset management.

The parent company Société Générale Effekten GmbH is a wholly-owned subsidiary of Société Générale S.A. Frankfurt, a branch of Société Générale Paris, in the consolidated financial statements of which it is included.

The consolidated financial statements of Société Générale Effekten GmbH cover the period from January 1, 2022 to December 31, 2022. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the corresponding Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC) as they are to be applied in the European Union, as well as the commercial-law disclosures required by Section 315e para. 1 German Commercial Code (HGB).

The present consolidated financial statements are presented in euros, the functional currency of the parent company. Unless otherwise indicated, all financial information presented in euros is rounded to one thousand euros.

### PROFIT TRANSFER AGREEMENT

A profit transfer agreement for an indefinite term has been in effect between Société Générale Effekten GmbH as the subsidiary company and Société Générale S.A., Frankfurt as the parent company since January 1, 2016. In addition, a profit transfer agreement for an indefinite term has been in effect between Société Générale Effekten GmbH as the parent company and ALD Lease Finanz GmbH as the subsidiary company and Société Générale Securities Services GmbH as the subsidiary company since January 1, 2017.

### CONSOLIDATED TAX GROUP FOR INCOME TAX PURPOSES

The profit transfer agreement between Société Générale Effekten GmbH as the subsidiary company and Société Générale S.A. Frankfurt Branch as the parent company established a consolidated tax group for income tax purposes with Société Générale S.A. Frankfurt Branch with effect as of January 1, 2016. In addition, ALD Lease Finanz GmbH and Société Générale Securities Services GmbH as subsidiary companies were integrated into the consolidated tax group for income tax purposes with effect as of January 1, 2017 by virtue of

the profit transfer agreements with Société Générale Effekten GmbH as the parent company. As a result of the formation of the consolidated tax group for income tax purposes, Société Générale Effekten GmbH (SGE) does not recognize any deferred taxes in its financial statements.

## **USE OF DISCRETIONARY JUDGMENTS AND ESTIMATES**

In preparing the consolidated financial statements, the management is required to make certain discretionary decisions, estimates, and assumptions pertaining to the application of financial reporting methods and the stated amounts of assets, liabilities, income, and expenses.

In making these estimates and formulating these assumptions, the management applies the information available at the time of preparing the consolidated financial statements and decides on the basis of its own judgment. Naturally, the measurements based on these estimates are subject to certain risks and uncertainties concerning their occurrence in the future, so that the actual values in the future may differ from the estimates. In that case, they could potentially have a material effect on the financial statements.

Estimates were applied particularly with respect to the measurement of the following items:

- Measurement of the stated fair value of financial instruments that are not traded in an active market, which are presented under “Financial assets and liabilities measured at fair value through profit or loss” or “Hedging derivatives,” and the fair value of financial instruments for which this value is disclosed in the notes to the consolidated financial statements;
- Measurement of the amount of impairments of the statement of financial position items “Receivables from banks at amortized cost,” “Loans to and receivables from customers at amortized cost,” “Receivables under finance leases,” “Property, plant and equipment and intangible assets,” and “Goodwill.”
- Measurement of the provisions recognized on the liabilities and equity side of the statement of financial position, including the provisions for employee benefits.

## **NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS TO BE APPLIED BY THE GROUP IN THE FUTURE**

The following amendments to IFRS Standards were taken into consideration for the first time in the consolidated financial statements for financial year 2022:

- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets



### **Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework**

After the revision, IFRS 3 now refers explicitly to the revised IFRS 2018 Conceptual Framework. An exception to the application of the IFRS 2018 Conceptual Framework was added to the IFRS 3 recognition rules, namely that an acquirer must apply IAS 37 or IFRIC 21 instead of the 2018 Conceptual Framework to identify the provisions and contingent liabilities it has assumed in a business combination if these rules would have also been applicable to a separate acquisition. In addition, an explicit prohibition of recognizing contingent liabilities acquired in a business combination was added to the standard text of IFRS 3.

The updated reference to IFRS 3 has no material accounting effects on companies. The explicit recognition prohibition also has no material effects on companies.

### **Amendments to IAS 16 Property, Plant and Equipment**

The amendments relate to the accounting treatment of proceeds from the sale and the production cost of producing items while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The amendment explicitly prohibits the deduction of such proceeds from acquisition or production cost. Instead, an entity must now recognize the proceeds from selling such items, and the cost of producing those items, directly in profit or loss. Costs of test runs to determine whether the item of property, plant and equipment works properly are still an example of directly allocable costs.

### **Amendments to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets**

The amendments to IAS 37 concretize the cost of fulfilling a contract in the context of onerous contracts. The definition of the cost of fulfilling a contract is important for the identification of an onerous contract. The cost of fulfilling the contract comprises all directly allocable costs that relate directly to the contract. These can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling the contract. Costs that do not relate directly to fulfilling the contract may not be considered in the identification of an onerous contract.

## NOTE 2 – CONSOLIDATION GROUP

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### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent company Société Générale Effekten GmbH and all companies that it controls. The separate financial statements of the aforementioned companies form the basis for the consolidated financial statements. Intercompany balances AND transactions, and all unrealized income and expenses from intercompany transactions are eliminated in the preparation of the consolidated financial statements.

### SUBSIDIARIES

Subsidiaries are companies controlled by the parent company. The parent company controls a company when it is exposed to or holds rights to variable returns from its investment in the company and has the ability to affect those returns through its power over the company. The financial statements of subsidiaries are to be included in the consolidated financial statements from the date on which control begins and up to the date on which control ends.

Subsidiaries are fully consolidated.

The parent company consolidates the structured entities. The entities are included in the consolidated financial statements by reason of their design. In particular, the investments consist of holdings in debt instruments in securitization companies, which leads to risks and inflows, depending on the profitability of the structured entity. The contractual commitments to consolidated structured entities only consist of assumed subordinated promissory note loans. Aside from the contractual commitments, the Group has not financially supported the consolidated structured entities and also does not plan to do this at the present time.

The maximum loss risk of the consolidated structured entities is determined by the carrying amount of the assets held in relation to the structured entities.

### CHANGE OF CONSOLIDATION GROUP

Compared to December 31, 2021, there have been no changes in the consolidation group except for the formation of the structured entity “Red & Black Auto Germany 8 UG (HAFTUNGSBESCHRAENKT).”

## CONSOLIDATION GROUP

12/31/2022

Name of company	Company's registered head office	Business activity	Share of equity held [%]	Share of voting rights held [%]
<b>Consolidated companies</b>				
ALD LEASE FINANZ GMBH	Hamburg, Germany	Leasing company	100	100
SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES GMBH	Aschheim, Germany	Capital management company	100	100
BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Hamburg, Germany	Specialized financing institution	99.9	90
BDK LEASING UND SERVICE GMBH	Hamburg, Germany	Service company	100	100
RED & BLACK AUTO GERMANY 6 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 7 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 8 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 9 UG* (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
<b>Non-consolidated companies</b>				
ALD AUTOLEASING UND DIENSTLEISTUNGS GMBH	Hamburg, Germany	Service company	43.8	43.8

\*"ABS - Red & Black Auto Germany 9 UG" with a total volume of EUR 597,000,000.00 was founded in October 2022; of which Class A Notes EUR 567,300,000.00, and other Class B Notes EUR 7,500,000.00, Class C Notes EUR 9,600,000.00, and Class D Notes EUR 12,600,000.00.

The non-consolidated company ALD Auto Leasing und Dienstleistungs GmbH is an associated company. Due to the acquisition of ALD Lease Finanz GmbH as the parent company of the associated companies as part of an internal Group restructuring as of January 1, 2017, the associated companies are still measured at the equity investment values applied in the consolidated financial statements of Société Générale S.A., Paris.

Structured entities:

	RED & BLACK AUTO GERMANY	RED & BLACK AUTO GERMANY	RED & BLACK AUTO GERMANY	RED & BLACK AUTO GERMANY
<i>(In euro thousands)</i>	6 UG	7 UG	8 UG	9 UG
Equity	2,931	10,626	22,206	11,750
Total assets	227,872	448,101	697,282	606,840
Net profit/loss at 12/31/2022	2,929	9,321	20,290	11,743

## NOTE 3 – ACCOUNTING POLICIES AND MEASUREMENT METHODS

The separate financial statements of the subsidiaries included in the consolidated financial statements were prepared in accordance with the group wide recognition and measurement principles based on IFRS, which are described in the following.

### TRANSACTIONS IN FOREIGN CURRENCIES

Items of the statement of financial position denominated in foreign currencies are translated to the company's functional currency at the reporting date. Currency translation differences are recognized in profit or loss.

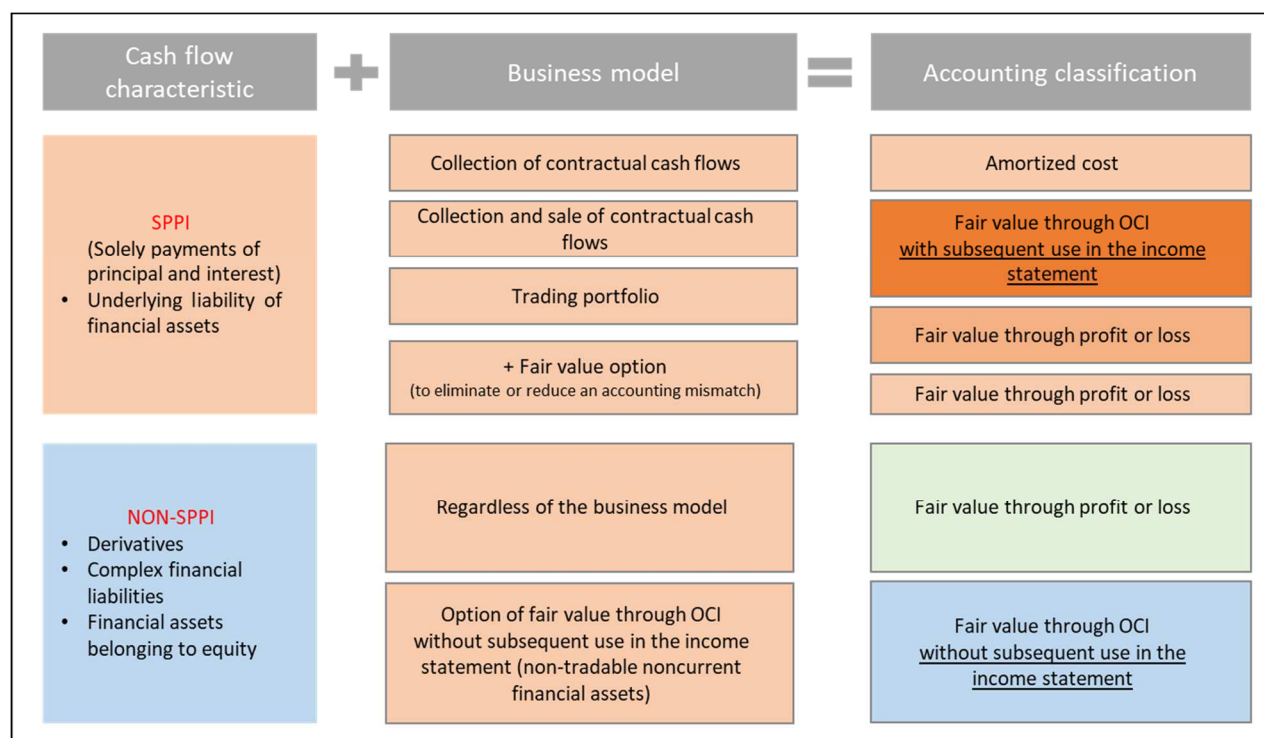
Forward exchange transactions are measured at fair value on the basis of the current forward exchange rate for the remaining term to maturity. Spot exchange positions are translated at the official spot exchange rates at the reporting date. The resulting remeasurement differences are recognized in profit or loss.

Monetary items denominated in foreign currencies are translated at the exchange rate in effect on the reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates in effect on the date of fair value measurement. Non-monetary items measured at cost are translated at the exchange rate in effect on the date of initial recognition.

In the case of financial assets and liabilities measured at fair value through profit or loss, gains or losses from currency translation are recognized as part of fair value in period profit or loss under *“Net gains or losses from financial instruments measured at fair value through profit or loss.”*

## CLASSIFICATION OF FINANCIAL ASSETS

Upon initial recognition, financial instruments are classified to one of three categories in the consolidated statement of financial position (at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income), which determines the accounting method in each case. The classification depends on the characteristics of the contractual cash flows and the business model applied by the entity to manage the financial assets in each case.



The accounting policies for the classification of financial assets require an analysis of the contractual cash flows generated by each financial instrument and the business model applied by the entity to manage the financial assets.

### Analysis of the characteristics of contractual cash flows

The goal of analyzing the characteristics of contractual cash flows is to limit the option of measuring financial assets in accordance with the effective interest method to instruments that have similar characteristics as a “basic lending arrangement.” Other financial instruments that exhibit different characteristics are fundamentally measured at fair value through profit or loss, regardless of the business model applied by the entity to manage these financial instruments.

Contractual cash flows that represent solely payments of principal and interest (SPPI) are consistent with a basic lending arrangement.

Under a basic lending arrangement, interest is paid as compensation for the time value of money and credit risk. Interest can also include compensation for liquidity risks and administrative costs and a profit margin. Negative interest is not a contradiction of this definition.

Financial assets that are not basic lending arrangements are measured at fair value through profit or loss, regardless of the business model applied to manage these financial assets.

Derivatives that meet the conditions for a hedging instrument are presented in a separate line item of the statement of financial position for recognition purposes (see Note 4.2).

The Group may irrevocably choose to classify and measure investments in equity instruments that are not held for trading purposes at fair value through other comprehensive income. In subsequent periods, the gains or losses recognized in other comprehensive income are not reclassified to profit or loss (only dividends on these investments are recognized as income).

Disbursed security deposits, trade receivables, and receivables under operating leases are presented in the line item of Other assets (see Note 4.3).

### **Analysis of the business model**

The business model shows how financial assets are managed to generate cash flows and income.

The Group employs different business models for its different business segments. The business model is assessed by determining how groups of financial assets are collectively managed to achieve a certain business objective. For this reason, the assessment is not performed at the level of the individual instrument, but at the portfolio level. The following relevant indications among others are considered for this purpose:

- How the results of the portfolio are evaluated and reported to the Group management;
- How the risks associated with the financial assets held within the scope of the business model are managed;
- How the company's management is compensated;
- Already realized or expected sales of assets (extent, frequency, purpose).

Three different business models can be applied to determine the classification and measurement of financial assets:

- A business model whose objective is to collect contractual cash flows ("collection" business model);
- A business model whose objective is to collect contractual cash flows and sell financial assets ("collection and sale" business model);
- A separate business model for other financial assets, particularly for financial assets held for trading, under which contractual cash flows are only collected occasionally.

## **Fair value option**

Financial assets that are not SPPI (solely payments of principal and interest) and are not held for trading purposes may be measured at fair value through profit or loss upon initial recognition if that would eliminate or significantly reduce recognition inconsistencies in the accounting treatment of certain financial assets and liabilities (accounting mismatch).

## **CLASSIFICATION OF FINANCIAL LIABILITIES**

Financial liabilities are classified to one of the two following categories:

- Financial liabilities measured at fair value through profit or loss: These are financial liabilities that are held for trading purposes. As a general rule, they comprise derivative financial liabilities that do not meet the conditions for hedging instruments and non-derivative financial liabilities which the Group measures at fair value through profit or loss upon initial recognition by exercising the fair value option;
- Other financial liabilities: These are other non-derivative financial liabilities and are measured at amortized cost.

Derivative financial assets and liabilities that meet the conditions of a hedging instrument are presented in a separate line item of the statement of financial position (see Note 4.2).

Disbursed security deposits and trade payables are presented in the line item of Other liabilities (see Note 4.3).

## **RECLASSIFICATION OF FINANCIAL ASSETS**

A reclassification of financial assets is only required in the unusual case when the Group changes the business model for managing these assets.

## **FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If no observable prices for identical assets or liabilities are available, the fair value of financial instruments is determined by application of another measurement technique under which the use of the determining, observable input factors is kept at the highest level possible, based on the assumptions that market participants would apply for pricing the asset or liability.

The valuation methods employed by the Group for determining the fair value of financial instruments are described in Note 4.3.

## INITIAL RECOGNITION

Financial assets are recognized in the statement of financial position as follows:

- At the settlement/delivery date for securities;
- At the trade date for derivatives;
- At the disbursement date for loans.

In the case of instruments measured at fair value, changes in fair value that arise between the trade date and the settlement/delivery date are recognized either in profit or loss or in other comprehensive income, depending on the accounting classification of each financial asset. The trade date is the date when the contractual obligation becomes binding and irrevocable for the Group.

Upon initial recognition, financial assets and liabilities are measured at fair value, including transaction costs that are directly allocable to the purchase or issuance. Financial assets measured at fair value through profit or loss represent an exception to this rule; in this case, the transaction costs are recognized directly in profit or loss.

If the initial fair value was determined on the basis of observable market data, the difference between the fair value and the transaction price, i.e. the sales margin, is recognized directly in profit or loss. If the measurement data are not observable or if the measurement models are not recognized by the market, the sales margin is generally recognized as an accrual in the income statement. In the case of many instruments, this margin is recognized at the maturity date or, in the case of an early sale, at the sale date, due to their complexity. After measurement data become observable, all components of the sales margin that have not yet been recognized are recognized in the income statement at that date.

## DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Group derecognizes financial assets (or similar assets) in full or in part when the contractual rights to receive the cash flows of such assets expire or when the Group transfers the contractual right to receive the cash flows and substantially all of the risks and rewards of ownership of the assets.

Financial assets are also derecognized when the Group still has the contractual right to receive the cash flows, but is contractually obligated to pass on these cash flows to another party ("pass-through agreement") and has transferred substantially all the risks and rewards of ownership.

If the Group has transferred the cash flows from a financial asset, but has neither transferred nor retained the risks and rewards of ownership and has relinquished effective control of such a financial asset, the asset is derecognized and if necessary, the Group recognizes a separate asset or liability to account for all rights and obligations arising from the transfer of the asset. If the Group retains control of the asset, it is still recognized in the statement of financial position as long as the Group has a continuing involvement in the asset.

When a financial asset is derecognized in full, the difference between the carrying amount of the asset and the payment received is recognized in the income statement at the time of sale. If necessary, this amount is



adjusted for unrealized gains or losses recognized directly in equity in the past, and for assets or liabilities arising from the servicing right. Prepayment fees charged to borrowers after the early repayment of loans are recognized in the line item of Interest and similar income of the income statement on the basis of the date of early repayment.

The Group derecognizes a financial liability in full or in part when it is extinguished, i.e. when the obligations specified in the contract are either discharged or cancelled or when they expire.

A financial liability may also be derecognized when there has been a substantial modification of the contractual terms or when there has been an exchange with the lender in connection with an instrument whose contractual terms have been substantially modified.

## **ANALYSIS OF THE CONTRACTUAL CASH FLOWS FROM FINANCIAL ASSETS**

The Group has established appropriate procedures to determine whether financial assets pass the SPPI test upon initial recognition (credit allocation, purchase of securities, etc.).

All contractual terms must be analyzed, particularly those terms that influence the timing or amount of the contractual cash flows. A contractual term that allows the borrower or the lender to repay the debt instrument ahead of maturity or return it to the issuer ahead of maturity is consistent with cash flows that represent SPPI. However, this only applies when the amount of the early repayment is equal to the outstanding principal plus accrued, but not paid contractual interest (possibly plus an appropriate compensation payment). Such a compensation payment can be either positive or negative, which is certainly compatible with SPPI cash flows.

The compensation payment upon early repayment is particularly seen as appropriate when

- The amount is calculated as a percentage of the still outstanding principal amount and is capped by statutory regulations (in France, for example, the compensation payment for the early repayment of mortgage loans by individuals is legally limited to an amount equal to the interest for six months or 3% of the outstanding principal), or is limited by competition conditions in the market;
- The amount equals the difference between the contractual interest which would have been collected up to the maturity of the loan and the interest that would have been received by reinvesting the early repaid amount at an interest rate that is identical to the corresponding benchmark interest rate.

Some loans can be repaid ahead of maturity at their current fair value, others at the fair value of the costs required to cancel a related hedging swap. Such early repayments can be classified as SPPI if they take the effects of changes in the corresponding benchmark interest rate into account.

**Basic financial assets (SPPI)** are debt instruments that essentially include the following:

- Fixed-interest loans,
- Variable-interest loans, possibly with upper and lower limits,
- Fixed-interest or variable-interest debt instruments (government bonds or corporate bonds, other issuable debt instruments),

- Securities purchased with repurchase agreements (reverse repo transactions),
- Disbursed security deposits,
- Trade receivables.

Contractual terms that include a possible risk or that result in volatility of the contractual cash flows that are not related to the basic loan agreement (e.g. fluctuations of stock prices or stock indices or changes in the borrowing of debt capital) may not be regarded as SPPI unless their effect on the contractual cash flow is only minimal.

**“Non-basic financial assets”** (non-SPPI) mainly include the following:

- Derivative financial instruments,
- Stocks and other equity instruments held by the entity,
- Equity instruments issued by investment funds,
- Financial debt instruments that can be converted into or exchanged for a certain number of equity shares (convertible bonds, equity-linked securities, etc.).

If the time value component of the interest rate can be adjusted in accordance with the contractual term of the instrument, it may be necessary under certain circumstances to compare the contractual cash flow with the cash flow that would result from a benchmark instrument. This is the case when, for example, an interest rate is regularly reset, but the time value of this reset does not match the term of the interest rate (e.g. monthly reset of an interest rate with a term of one year), or when an interest rate is regularly adjusted to match an average of short-term and long-term interest rates.

If the difference between non-discounted contractual cash flows and non-discounted benchmark cash flows is significant or could be significant, the instrument is not to be classified as “basic.”

Depending on the contractual terms, the comparison with the benchmark cash flow can be performed by means of a qualitative assessment; in other cases, however, a quantitative test is necessary. The difference between the contractual cash flows and the benchmark cash flows must be considered in every reporting period and in total, over the life of the instrument. In performing the benchmark test, the Group also considers factors that could influence future non-discounted contractual cash flows: Applying the yield curve at the initial measurement date is not sufficient. In addition, the Group checks whether the curve could shift during the term of the instrument on the basis of possible scenarios.

## **DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES**

Derivatives are financial instruments if they meet the following criteria:

- Their value changes in response to the change in a specified interest rate, foreign exchange rate, share price, price index, commodity price, credit rating, etc.;
- They require little or no investment;
- They are settled at a later date.

Derivative financial instruments are sub-divided into two categories:

- Held-for-trading financial instruments

Derivative financial instruments are generally regarded as held-for-trading derivative instruments unless they can be classified as hedging instruments from an accounting standpoint. They are recognized in the statement of financial position within the item of “Financial assets measured at fair value through profit or loss.” Changes in fair value are recognized in profit or loss.

Changes in the fair value of derivative financial instruments with counterparties that default at a later time are recognized in “Net gains or losses from financial instruments measured at fair value through profit or loss” until the date when they are annulled. At this date, receivables from or liabilities to the corresponding counterparties are recognized at their fair value. Any subsequent impairments of these receivables are recognized in “Risk expenses” in the income statement.

- Derivatives designated as hedging instruments

In order to classify a financial instrument as a derivative hedging instrument, the Group documents this hedging relationship already upon inception. This documentation covers the underlying transaction and the hedging transaction, the nature of hedged risk, the type of derivative financing instruments used, and the valuation method to be applied to assess the effectiveness of the hedging relationship. The derivative financial instrument designated as a hedging instrument must be highly effective in order to offset the changes in fair value or cash flows resulting from the hedged risk. This effectiveness is continually assessed over the life of a hedge from the date of inception. If derivative financial instruments are used for hedging purposes, they are presented in the statement of financial position within the Item of “Hedging derivatives.” Depending on the nature of the hedged risk, the Group designates the derivative financial instrument as a fair value hedge or a cash flow hedge.

### **Embedded derivatives**

An embedded derivative is part of a hybrid instrument. If it is not measured at fair value through profit or loss, the Group accounts for the embedded derivative separately from the host contract. The prerequisite for this treatment is that the economic characteristics and risk of the derivative are different from those of the host contract at the time of entering into the transaction, and the derivative meets the definition of a derivative. If the derivative is accounted for separately from the host contract, it is presented at fair value in the statement of financial position as a “Financial asset or financial liability measured at fair value through profit or loss.”

## LEASES

### Accounting for leases by lessors

Upon initial recognition of a lease relationship, the party to which economic ownership is attributable must be determined. A lease is classified as an operating lease when substantially all the risks and rewards incidental to ownership of the leased object remain with the lessor. If this is not the case, the lease is classified as a finance lease.

Leased objects held under operating leases are presented in the statement of financial position as operational plant and equipment in the item of "Property, plant and equipment and intangible assets." Regardless of the residual value, they are depreciated down to the agreed or calculated residual value over the term of the lease. Lease revenues are recognized in the income statement on a straight-line basis over the term of the lease.

In addition, the income billed and recognized for maintenance work in connection with operating leases is presented proportionally to the expenses incurred over the term of the lease.

If the lease is classified as a finance lease, the lessor recognizes a receivable in the amount of its net investment in the lease. This net investment is the discounted amount of the gross investment, which is defined as the sum of minimum lease payments plus any unguaranteed residual value. The gross investment is discounted to present value at the interest rate implicit in the lease. The receivable is recognized within the statement of financial position item of "Receivables under leases."

The interest included in the lease payments is presented in the income statement under "Interest and similar income" so that the lease relationship generates a constant periodic rate of return on the net investment. If the unguaranteed residual values applied for the purpose of calculating the lessor's net investment in the finance lease decrease, the discounted present value of this decrease is recognized in the income statement as an impairment of the finance lease receivable. The individual or collective impairments recognized in receivables under finance leases are subject to the same rules as those described for financial assets measured at amortized cost.

### Accounting for leases by the lessee

## ACCOUNTING GUIDELINES

### RIGHTS TO USE THE ASSETS LEASED BY THE COMPANY

#### Leases

#### Definition of a lease

A contract is or contains a lease if it conveys the right to control the use of an identified asset to the lessee for a period of time in exchange for consideration:

- Control is conveyed where the lessee has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use during the entire lease period.
- The precondition for the existence of an identified asset is that the lessor does not have a substantive right of substitution of the leased asset; this is determined on the basis of the facts and circumstances at the time of commencement of the lease. If the lessor has the option of substituting the leased object with alternative assets at its discretion, the contract is not considered to be a lease because the purpose of such a contract is to provide a capacity, not an asset.
- A capacity portion of an asset is still an identified asset if it is physically distinct (e.g. a floor of a building). Conversely, a capacity portion or other part of an asset that is not physically distinct (e.g. in the case of leased cooperating areas within a building unit without a predefined location within this unit) is not an identified asset.

### Separation of lease components from non-lease components

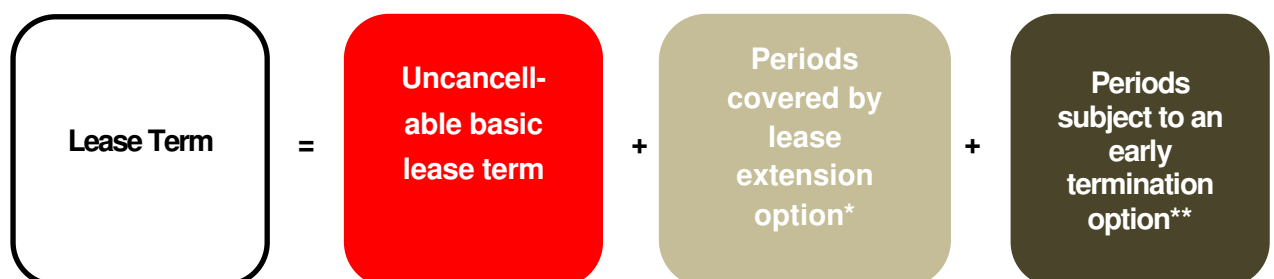
A contract may contain both a lease component and the provision of additional services by the lessor. In this case, the lessee can separate the lease components from the non-lease components and treat them separately. The contractually specified consideration for lease components and non-lease components should be handled separately on the basis of relative stand-alone prices (as indicated in the contract or on the basis of observable information). If the lessee is not able to separate lease components from non-lease components (or services), the entire contract should be treated as a lease.

### Lease term

#### Definition of lease term

The lease term applied for the calculation of discounted lease payments is the uncancellable term with due regard to:

- Lease extension options if the exercise of such options by the lessee is reasonably certain, and
- Early termination options if the lessee is reasonably certain not to exercise such options.



\* Which the lessee is reasonably certain to exercise.

\*\* Which the lessee is reasonably certain not to exercise.

In assessing the reasonable certainty that extension or early termination options will be exercised, all facts and circumstances that could represent economic incentives to exercise or not exercise these options must be taken into consideration:

- The conditions for exercising these options (including the calculation of lease payments in the event of extension or penalties in the event of early termination);
- Significant changes in the leased areas (certain floor plans, e.g. of a bank vault);
- The costs entailed by a termination of the lease relationship (including negotiation costs, moving costs, costs for looking for a new property that meets the needs of the lessee);
- The importance of the leased assets for the lessee due to special characteristics, location, or availability of similar assets (especially in the case of properties at locations of strategic importance for the business due to transportation links, expected capacity utilization, or the attractiveness of the location);
- Earlier extensions of similar contracts and the future use strategy for the assets (e.g. expected restructuring of a branch network).

If both the lessee and the lessor have the right to terminate the lease without the consent of the other party and without a substantial contractual penalty, the lease is no longer binding and therefore no longer represents a lease liability.

### **Changes of the lease term**

If the circumstances that influence the exercise of lease options by the lessee or the conditions of the lease change or when events occur that legally obligate the lessee to exercise (or not exercise) an option that had not been or had earlier been included in the lease, the lease term must be adjusted.

After a change of the lease term, the lease liability must be recalculated on the basis of these changes and an adjusted discount rate for the estimated remaining lease term.

### **Accounting treatment of leases by the Group**

At the time of commencement of the lease (the date when the right to use the leased asset is transferred), the lessee must recognize a lease liability and a right-of-use asset in the statement of financial position.

The lessee must recognize interest expenses on the basis of the lease liability as net banking income and the depreciation of the capitalized right-of-use asset in the income statement item of Depreciation, amortization and impairments of property, plant and equipment and intangible assets.

Lease payments must be apportioned between a reduction of the lease liability and an offset of the liability in the form of interest expenses.

## **Exceptions and exclusions**

The Group does not apply the new lease accounting rules to leases with a term of one year or less (including extension options) or to leases for low-value assets below the threshold value of EUR 5,000 in accordance with the “Basis for conclusions” section of the Standard (the threshold value should be measured on the basis of the replacement costs for each unit of the leased asset).

## **Amount of lease payments**

The payments serving as the basis for calculating the lease liability are composed of fixed and variable lease payments on the basis of an index (e.g. consumer price index or construction cost index), plus any amounts that the lessee would be expected to pay to the lessor for residual value guarantees, purchase options, or penalties for early termination.

Variable lease payments tied to the use of the leased asset (e.g. revenue or kilometers) are not included in the calculation of the lease liability. Over the long term, the variable portion of lease payments is recognized in the income statement on the basis of the fluctuations of the contractual index.

Lease payments are recognized after deduction of sales tax. In addition, construction leases are transferred to the lessor. Hotel and property taxes are not recognized as lease liabilities because these are variable amounts established by the competent authorities.

## **Recognition of lease liabilities**

The original amount of the liability is the present value of the lease payments owed over the term of the lease.

The lease liability is measured at amortized cost according to the effective interest method: The lease payments are apportioned between interest expenses and successive reductions of the lease liability presented in the income statement.

After the date of commencement, the amount of the lease liability can be adjusted to reflect lease adjustments, new estimates of the lease term, or contractual changes that affect the indices or interest rates on which the lease payments are based.

The lessee may be required to recognize a provision for the costs of restoring the original condition of the leased asset that are expected to be incurred after the end of the lease relationship.

## **Accounting for the right-of-use asset**

On the date when the leased asset is made available, the lessee must recognize a right-of-use asset in the amount of the initial value of the lease liability, plus all directly incurred costs (e.g. issuance of a notarized lease agreement, registration fees, transfer expenses, commitment fees, lease right, lease bonus), advance payments, and restoration expenses in the statement of financial position.

This asset is then depreciated on a straight-line over the lease term on which the calculation of the lease liability is based.

After the date of effect, the value of the asset can be changed if the lease is adjusted. This also applies for the lease liability.

The right-of-use asset is presented in the statement of financial position of the lessee under Property, plant and equipment in the same sub-item where similar, legally owned property is presented. If the lease provides for the initial payment of a lease right to the earlier lessee of the leased space, the amount of this right is presented in the same sub-item as a separate component of the right-of-use asset.

### **Discount rates for leases**

Lease payments and lease liabilities are discounted by application of the lessee's incremental borrowing rate. For companies that are able to raise funding directly in their local markets, the incremental borrowing rate is determined at the company level of the lessee and not at the Group level, based on the credit conditions and credit risk of this company. For companies that receive funding from the Group, the incremental borrowing rate for loans extended by the Group is applied.

The discount rates are determined on the basis of the currency, the domicile of the leasing companies, and the estimated lease term.

## **PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

Property, plant and equipment and intangible assets comprise operational assets. Assets held under operating leases are presented within operational plant and equipment, whereas buildings held under leases are presented as investment property.

Property, plant and equipment and intangible assets are measured at cost less accumulated depreciation, amortization and impairments. Assets are depreciated by application of the component approach from the time when they are available for use. The individual components are depreciated individually over their economic useful lives. A depreciation period of 10 to 50 years is applied for the individual components of the real estate used in the Group's operations. Property, plant and equipment are depreciated over their economic useful lives, which are estimated at between 3 and 20 years. Intangible assets such as custom and industry software are amortized over useful lives of 3 to 5 years.

Property, plant and equipment and intangible assets are subjected to impairment tests as soon as indications of an impairment arise. The impairment test is usually conducted on the basis of the cash-generating unit to which the item of plant or equipment or the intangible asset is assigned. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Gains or losses on the sale of operationally used property, plant and equipment or intangible assets are presented under "Net gains or losses on other assets."



## BUSINESS COMBINATIONS AND GOODWILL

The Group utilizes the acquisition method according to IFRS 3 in accounting for acquisitions of companies. If the consideration transferred for the acquisition of a subsidiary is higher than the fair value of the net assets acquired at the acquisition date, goodwill arises and must be recognized in the company's statement of financial position. If the transferred consideration is less than the value of the net assets acquired, negative goodwill (badwill) arises and must be recognized in profit or loss. The transactions to transfer Société Générale Securities Services GmbH and ALD Lease Finanz GmbH to Société Générale Effekten GmbH at January 1, 2017 were not business combinations according to IFRS 3, but intragroup restructurings through transactions under joint control. Any difference between the purchase price and carrying amounts of the assets and liabilities received was recognized in equity.

For purposes of calculating goodwill, the assets, liabilities, and contingent liabilities of the acquired company that are identified in accordance with IFRS 3 are generally measured at fair value at the acquisition date. In addition, non-controlling interests are measured at their share of the fair value of identified assets and liabilities of the acquired company. The difference between the net assets measured at fair value and the value of the transferred consideration is capitalized as goodwill. For the purpose of conducting regular impairment tests, the calculated goodwill is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the business combination. Costs that can be directly attributed to the business combination are recognized in the income statement, with the exception of costs related to the issuance of equity instruments.

The Group periodically reviews goodwill and subjects it to an annual impairment test. When indications of an impairment arise, an impairment test may also be necessary during the year. A determination of whether there are indications of an impairment is made before every end-of-year reporting date and interim reporting date. The Company calculates the amount of an impairment of goodwill by comparing the recoverable amount of the cash-generating unit or group of cash-generating units with its carrying amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognized in profit or loss.

## PROVISIONS

Provisions mainly consist of provisions for employee benefits and provisions for risks.

A provision must be recognized when:

- An obligation to a third party is expected to result in an outflow of resources without equivalent consideration in exchange,
- The amount of the liability can be estimated reliably.

To calculate the amount of the provision, the expected outflow of resources is discounted to present value if the effect of discounting is material. Additions to and reversals of provisions are recognized in profit or loss.

If it is virtually certain that the company will receive a reimbursement upon the settlement of a liability for which a provision was recognized, the reimbursement claim is treated as an Other asset. The amount recognized for the reimbursement is limited to the amount of the provision.

## **LOAN COMMITMENTS**

If loan commitments are not treated as derivative financial instruments, the Group measures them at fair value upon initial recognition. In subsequent periods, any required provisions for these commitments are recognized in accordance with the financial reporting principles applicable to provisions.

## **DISTINCTION BETWEEN INSTRUMENTS AND EQUITY INSTRUMENTS**

In accordance with IAS 32, the financial instruments issued by the Group are classified as debt instruments or equity instruments in full or in part, depending on whether the issuer is contractually obligated to distribute cash to the holders of the securities.

If they meet the criteria for debt instruments, the issued securities are classified as “Securitized liabilities” by reason of their characteristics.

If they meet the criteria for equity instruments, the securities issued by Société Générale are presented under “Equity instruments and related reserves.” If the equity instruments of subsidiaries are issued to third parties, these instruments are presented under “Non-controlling interests” and the dividends distributed to the holders of these instruments are presented in the income statement under “Non-controlling interests.”

## **NON-CONTROLLING INTERESTS**

“Non-controlling interests” represent the investments in fully consolidated subsidiaries that cannot be attributed to the Group directly or indirectly. They include the equity instruments issued by these subsidiaries and not held by the Group.

## **INTEREST INCOME AND EXPENSES**

Interest income and expenses are recognized in the income statement for all financial instruments measured at amortized cost under “Interest and similar income/expenses” utilizing the effective interest rate method.

The effective interest rate is the interest rate that exactly discounts future cash receipts and payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. To calculate the effective interest rate, the cash flows estimated on the basis of the contractual terms of the financial instrument are considered, without regard to any future loan losses. The calculation also includes

commissions paid or received between the parties if they are comparable to interest, directly attributable transaction fees, premiums, or discounts.

If the value of financial asset or group of similar financial assets has been reduced by reason of an impairment loss in Level 3 of the expected credit loss model, the subsequently accrued interest income is recognized on the basis of the effective interest rate with due regard to the impaired net carrying amount.

Interest accrued from the compounding of receivables under finance leases is recognized as Interest income.

In addition, all provisions recognized on the equity and liabilities side of the statement of financial position — with the exception of provisions for employee benefits — lead to interest expenses from an accounting standpoint, which are calculated using the same interest rate applied to discount expected outflows of resources to present value.

#### **NET INCOME/EXPENSES FROM COMMISSIONS FOR SERVICES**

The Group recognizes income from fees and commissions for services rendered and expenses for services received in profit or loss, depending on the type of services in question.

The fees and commissions earned as compensation for ongoing services, such as certain fees and commissions for cash, for the safe custody of securities in custody accounts, or for purchases of telecommunications services are recognized as income in the income statement over the duration of the services in question. The fees and commissions earned as compensation for one-time services such as money transfer fees, brokerage fees, arbitrage fees, and penalty interest related to payment events are completely recognized in profit or loss when the services are provided.

#### **NET INCOME FROM FINANCIAL TRANSACTIONS (THEREOF NET GAINS OR LOSSES FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS)**

The Net gains or losses from financial instruments measured at fair value through profit or loss include the unrealized result of fair value measurement, the realized result on disposal of the financial instrument, and current income from financial instruments measured at fair value through profit or loss.

In measuring the unrealized result of fair value measurement, all changes in fair value are considered so that changes in interest rates, creditworthiness, exchange rate and other rates and prices have an effect on the Net gains or losses from financial instruments measured at fair value through profit or loss.

Interest income and expenses and dividend income and expenses related to financial instruments measured at fair value through profit or loss are elements of current income recognized under Net gains or losses from financial instruments measured at fair value through profit or loss.

## PERSONNEL EXPENSES

The item of “Personnel expenses” comprises all expenditures related to personnel. In particular, it includes expenses for wages and salaries and expenditures for the Group’s various pension plans.

## EMPLOYEE BENEFITS

The Group’s company may grant the following benefits to their employees:

- Post-employment benefits such as pension plans or termination benefits for early retirement;
- Long-term benefits such as variable compensation, bonuses for many years of service with the company, and work time accounts;
- Termination benefits.

### Post-employment benefits

The pension plans set up for employees may be either defined contribution plans or defined benefit plans.

Under the defined contribution plans, the Group’s obligation is limited to the payment of a contribution, but does not include any obligation of the Group relative to the amount of benefits to be paid to employees. The paid contributions are recognized as expenses in the corresponding financial year.

Defined benefit plans are plans under which the Group is formally or tacitly obligated to pay a certain amount or level of benefits and therefore assumes a medium-term or long-term risk.

A provision is recognized on the equity and liabilities side of the statement of financial position to cover the entirety of these pension liabilities. It is regularly measured by independent actuaries on the basis of the projected unit credit method. This measurement method relies on assumptions concerning demographics, early departures from the company, wage and salary increases, the discount factor, and the rate of inflation. When these plans are financed with borrowed funds that meet the definition of plan assets, the provision recognized to cover the corresponding liabilities is reduced by the fair value of these borrowed funds.

Differences arising from changes in calculation assumptions (early retirement, discount factor, etc.) or differences between the actuarial assumptions and actual developments are referred to as actuarial differences (gains or losses). These actuarial gains and losses, as well as income from plan assets from which the amount of net interest on net liabilities (or assets) already recognized as expenses is deducted, and the change in the effect of the ceiling on plan assets are the factors considered in making a renewed estimate (or measurement) of net liabilities (or net assets). These factors are recognized immediately and completely in equity and may not be reclassified to profit or loss at a later time.

The items of the statement of financial position that may not be reclassified to profit or loss at a later time are presented in a separate line item of the statement of comprehensive income. However, they are reclassified to

reserves in the statement of changes in equity so that they are presented directly in the item of “Group reserves” on the equity and liabilities side of the statement of financial position.

The expenses for defined benefit plans recognized in “Personnel expenses” comprise:

- The additional claims earned by every employee (current service cost);
- The change in the liability resulting from an amendment or curtailment of a plan (past service cost);
- Financial costs resulting from the effect of compounding the liability and the interest income on plan assets (net interest on net liabilities or net assets);
- The effect of plan settlements.

### **Long-term benefits**

These are benefits paid to employees more than 12 months after the close of the financial year in which the corresponding service was provided. The same measurement method as that applied to post-employment benefits is applied for this purpose, with the exception of actuarial gains or losses, which are recognized immediately in profit or loss.

## **RISK EXPENSES**

The item of “Risk expenses” comprises the net amounts of impairment losses for identified risks, losses on non-performing loans, and the recovery of amortizing loans.

## **INCOME TAXES**

### **Current taxes**

Current tax expenses are calculated on the basis of the taxable profits of each consolidated tax-paying entity.

Tax credits on income from receivables and securities portfolios are recognized in the same line item as the income to which they relate if they are actually used to settle corporate income taxes payable for the financial year. The corresponding tax expenses are left in the “Income taxes” item of the income statement.

### **Deferred taxes**

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases, provided that these differences will have an effect on future tax payments.

Deferred taxes are calculated for each tax-paying entity according to the relevant tax regulations in every case. The tax rate in effect or announced to be in effect at the time of reversal of the temporary difference is applied for this purpose. If the tax rate changes, these deferred taxes are adjusted. They are calculated without any discounting to present value. Deferred tax assets may arise from deductible temporary differences or tax loss carry-forwards.

Deferred tax assets are only recognized when it is probable that the tax-paying entity in question will recover them within a certain time frame, particularly by offsetting such differences and loss carry-forwards against taxable future profits. Tax loss carry-forwards are reviewed annually on the basis of the tax laws applicable to each entity and a realistic forecast of the entity's tax result, based on the development prospects of their activities. On the other hand, the carrying amounts of deferred tax assets already recognized in the statement of financial position are reduced as soon as the risk arises that they cannot be recovered in part or in full. Deferred tax assets not yet recognized are recognized in the statement of financial position when it is probable that a future taxable profit will make it possible to recover them.

Current and deferred taxes are presented as tax expenses or tax income in the "Income taxes" line item of the consolidated income statement. Deferred taxes related to items recognized in "Gains or losses recognized directly in equity" are recognized in the same line item of equity.

The profit transfer agreement of September 7, 2016 between Société Générale Effekten GmbH (subsidiary company) and Société Générale S.A. Frankfurt Branch (parent company), established a consolidated tax group for income tax purposes with Société Générale S.A. Frankfurt Branch, with retroactive effect to January 1, 2016. In addition, ALD Lease Finanz GmbH (subsidiary company) has been included in the consolidated tax group for income tax purposes since January 1, 2017 by virtue of the profit transfer agreement concluded with Société Générale Effekten GmbH (parent company) on September 26, 2017 and Société Générale Securities Services GmbH (subsidiary company) has been included in the consolidated tax group for income tax purposes since January 1, 2017 by virtue of the profit transfer agreement concluded with Société Générale Effekten GmbH (parent company) on December 1, 2017. As a result of the formation of the consolidated tax group for income tax purposes, Société Générale Effekten GmbH does not recognize any deferred taxes in its financial statements except for gains and losses arising from the remeasurement of defined benefit plans that are recognized directly in equity.

# NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT

## NOTE 4 – FINANCIAL INSTRUMENTS

### NOTE 4.1 – FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>(In euro thousands)</i>	12/31/2022		12/31/2021	
	Assets	Liabilities	Assets	Liabilities
Held for trading	1,215,580	1,211,620	1,043,995	1,043,739
Financial instruments that must be measured at fair value through profit or loss	1,181,364		1,830,004	-
Financial instruments measured at fair value through profit or loss by exercise of the fair value option	21	1,102,197	-	1,747,390
<b>Total</b>	<b>2,396,965</b>	<b>2,313,817</b>	<b>2,873,999</b>	<b>2,791,129</b>

### FINANCIAL INSTRUMENTS HELD FOR TRADING

#### FINANCIAL ASSETS

<i>(In euro thousands)</i>	12/31/2022	12/31/2021
Bonds and other debt instruments	349	(7)
Equities and other equity instruments	-	-
Loans to customers and securities purchased under a repurchase agreement	-	-
Derivatives	1,215,231	1,044,002
Other financial assets	-	-
<b>Total</b>	<b>1,215,580</b>	<b>1,043,995</b>

## FINANCIAL LIABILITIES

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Securitized liabilities	91	91
Liabilities from loaned securities	-	-
Bonds and other short-sale debt instruments	-	-
Equities and other short-sale equity instruments	-	-
Loans and securities sold under a repurchase agreements	-	-
Derivatives	1,211,529	1,043,648
Other financial liabilities	-	-
<b>Total</b>	<b>1,211,620</b>	<b>1,043,739</b>

The counterparty of the held derivatives is the parent company of the Group, Société Générale S.A., Paris. The net position is applied by exercising the practical expedient of IFRS 13.48. The Company has opted not to calculate the CVA and DVA because the net position of EUR 0.4 million is not considered to be material from the standpoint of risk management.

## FINANCIAL ASSETS THAT MUST BE MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (“NON-SPPI”)

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Receivables from banks – measured at fair value through profit or loss	1,101,903	1,746,966
Loans to customers - measured at fair value through profit or loss	-	-
Securitized liabilities	-	-
Equities and other equity instruments	78,467	79,757
Securities / equities held on a long-term basis	994	3,281
<b>Total</b>	<b>1,181,364</b>	<b>1,830,004</b>

## FINANCIAL ASSETS MEASURED THROUGH PROFIT OR LOSS BY EXERCISE OF THE FAIR VALUE OPTION

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Bonds and other debt instruments	21	-
Loans to customers and securities purchased under a repurchase agreement	-	-
Other financial assets	-	-
Special fund for employee benefits	-	-
<b>Total</b>	<b>21</b>	<b>-</b>



## FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS BY EXERCISE OF THE FAIR VALUE OPTION

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Interbank loans	-	-
Deposit guarantees received	-	-
Liabilities from loaned securities	-	-
Bonds and other short-sale debt instruments	1,102,197	1,747,390
Repo transactions – banks	-	-
<b>Total</b>	<b>1,102,197</b>	<b>1,747,390</b>

## NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Société Générale Effekten GmbH signed a netting agreement with Société Générale S.A. Paris for the portfolio of certificates on December 18, 2019. Société Générale Effekten GmbH also signed a netting agreement with Société Générale S.A. Paris for the portfolio of warrants on October 22 and 27, 2020.

## NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) - (d)	Certificates
	Gross amounts of recognized financial assets / liabilities	Gross amounts of recognized financial liabilities / assets, netted in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Corresponding amounts not netted in the statement of financial position		
				Financial instruments	Collateral received / furnished	Net amount
<i>(In euro thousands)</i>						
Derivative financial instruments	4,105,283	3,003,376	1,101,907	4	-	1,101,903
<b>Total receivables</b>	<b>4,105,283</b>	<b>3,003,376</b>	<b>1,101,907</b>	<b>4</b>	<b>-</b>	<b>1,101,903</b>
Derivative financial instruments	4,105,577	3,003,376	1,102,201	4	-	1,102,198
<b>Total liabilities</b>	<b>4,105,577</b>	<b>3,003,376</b>	<b>1,102,201</b>	<b>4</b>	<b>-</b>	<b>1,102,198</b>

## Warrants

	(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) - (d)
	Gross amounts of recognized financial assets / liabilities	Gross amounts of recognized financial liabilities / assets, netted in the statement of financial position	Net amounts of financial assets/ liabilities presented in the statement of financial position	Corresponding amounts not netted in the statement of financial position	
				Financial instruments	Collateral received / furnished
<i>(In euro thousands)</i>					
Derivative financial instruments	24,916,455	23,629,478	1,286,977	71,746	-
<b>Total receivables</b>	<b>24,916,455</b>	<b>23,629,478</b>	<b>1,286,977</b>	<b>71,746</b>	<b>-</b>
Derivative financial instruments	24,907,291	23,629,478	1,277,813	66,284	-
<b>Total liabilities</b>	<b>24,907,291</b>	<b>23,629,478</b>	<b>1,277,813</b>	<b>66,284</b>	<b>-</b>

## NET GAIN OR LOSS FROM FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

<i>(In euro thousands)</i>	2022	2021
Net gain or loss from trading portfolio	(24)	(11)
Net gain or loss from financial instruments measured at fair value through profit or loss	(68,571)	(1,678,774)
Net gain or loss from financial instruments for which the fair value option is exercised	71,699	1,678,962
Net gain or loss from derivative financial instruments and hedging instruments, thereof:	602	(3,448)
Net gain or loss from derivative financial instruments	602	(3,425)
Net gain or loss from hedging instruments	-	(23)
<i>Net gain or loss from fair value hedging instruments</i>	-	-
<i>Remeasurement of underlying transactions in relation to the hedged risk</i>	-	-
<i>Ineffective portion of cash flow hedge</i>	0	(23)
Net gain or loss from foreign currency transactions	(42)	30,650
<b>Total gains or loss from financial instruments measured at fair value through profit or loss</b>	<b>3,706</b>	<b>(3,271)</b>
<b>Gains from financial instruments measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>

## NOTE 4.2 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are divided into the two categories “held for trading” and “derivative hedging instruments.”

### DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING

<i>(In euro thousands)</i>	12/31/2022		12/31/2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate instruments	71,746	80,758	4,817	8,022
Foreign currency instruments	126,492	100,048	100,196	99,794
Equity and index instruments	552,897	740,866	817,240	811,684
Commodity instruments	464,096	289,857	121,749	124,148
Credit derivatives	-	-	-	-
Other financial futures instruments	-	-	-	-
<b>Total</b>	<b>1,215,231</b>	<b>1,211,529</b>	<b>1,044,002</b>	<b>1,043,648</b>

## DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR HEDGING PURPOSES

	12/31/2022		12/31/2021	
(In euro thousands)	Assets	Liabilities	Assets	Liabilities
<b>Fair value hedges</b>				
Interest rate instruments	-	-	-	-
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Commodity instruments	-	-	-	-
<b>Cash flow hedges</b>				
Interest rate instruments	55,040	-	4,541	133
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Commodity instruments	-	-	-	-
Other financial instruments	-	-	-	-
<b>Total</b>	<b>55,040</b>	<b>-</b>	<b>4,541</b>	<b>133</b>

## MATURITIES OF CASH-FLOW-HEDGED FINANCIAL INSTRUMENTS

(In euro thousands)	Up to 3 months	3 months to one year	1 to 5 years	12/31/2022
Floating cash flows hedged	55,059	-	-	55,059

Hedging derivatives are financial instruments that are employed for purposes of interest rate management of the credit receivables securitized by ALD LF.

## MATURITIES OF HEDGING DERIVATIVES (NOTIONAL VALUES)

(In euro thousands)	Up to 3 months	3 months to one year	1 to 5 years	12/31/2022
Interest rate swaps (assets)	-	-	-	-
Interest rate swaps (liabilities)	236,986	614,211	974,138	1,825,335

## MATURITIES OF HEDGED FINANCIAL INSTRUMENTS

<i>(In euro thousands)</i>	<b>Up to 3 months</b>	<b>3 months to one year</b>	<b>1 to 5 years</b>	<b>12/31/2022</b>
Securities of the interbank market and tradable debentures	206,636	632,971	1,019,941	1,859,549

## HEDGING OF CASH FLOWS

The goal of hedging interest payments is to provide protection against changes in the future cash flows associated with financial instruments recognized in the statement of financial position (loans, securities, or variable-interest debt instruments) or with a highly probable future transaction (future fixed interest rates, future prices, etc.). The purpose of the hedge is to protect the Group against disadvantageous fluctuations in the future cash flows of a financial instrument or transaction that could have an impact on profit or loss.

The effective portion of changes in the fair value of hedging derivatives is presented in the line item of Unrealized or deferred capital gains and losses. The ineffective portion is presented in the income statement line item of Net gains and losses from financial instruments measured at fair value through profit or loss. Accrued interest income and expenses from interest rate derivatives are presented in the income statement line item of Interest and similar income / expenses at the same time as the accrued interest income and expenses associated with the hedged item.

The effectiveness of the hedge is evaluated by means of the hypothetical derivative method. This method involves the following steps:

- i) First, a hypothetical derivative with the exact same characteristics as the hedged instrument is created (notional value, interest rate adjustment date, interest rates, etc.), but which moves in the opposite direction, and the fair value of which at inception is zero.
- ii) In the next step, the expected changes in the fair value of the hypothetical derivative are compared with those of the hedging instrument (sensitivity analysis) or a regression analysis of the expected effectiveness of the hedging instrument is performed.

Amounts recognized directly in equity in connection with a remeasurement of hedging derivatives are later reclassified to the income statement item of Interest and similar income / expenses at the time when the cash flows are hedged.

If a hedging derivative no longer fulfills the effectiveness criteria for the use of hedge accounting or is cancelled or sold, the hedges are no longer recognized in the future. Amounts that had previously been recognized directly in equity are reclassified to the income statement item of Interest and similar income / expenses in the periods in which the cash flows from the hedged underlying take effect. If the sale or redemption of the hedged underlying occurs at an earlier time than expected or if the hedged

forecast transaction is no longer highly probable, the unrealized gains or losses recognized in equity are immediately reclassified to the income statement.

The Group is exposed to future changes in cash flows for short-term and medium-term financing requirements (securitized liabilities) and establishes hedging relationships on the basis of interest rate swaps that are recognized as cash flow hedges for accounting purposes. The highly probable interest rate hedging requirement is determined by using models based on historical data.

## NOTE 4.3 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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### FAIR VALUE HIERARCHY

For information purposes, the fair value of financial instruments is presented in the notes to the consolidated financial statements on the basis of a fair value hierarchy that reflects the significance of the data used for measurement purposes. This fair value hierarchy consists of the following levels:

#### **Level 1 (L1): Instruments measured on the basis of (non-adjusted) quoted prices in active markets for comparable assets or liabilities**

The financial instruments included in this category and recognized in the statement of financial position particularly include equities and government or corporate bonds quoted in an active market, which benefit from direct external quotations (quotations by brokers/traders), derivative financial instruments (futures, options) traded in regulated markets, and fund units (including UCITs – Undertakings for Collective Investment in Transferable Securities), for which the liquidation value at the reporting date is available.

A financial instrument is deemed to be quoted in an active market when price quotations can be easily and regularly obtained from a stock exchange, broker, intermediary, industry association, pricing agency, or regulatory authority, and are based on actual transactions that take place regularly under normal competition conditions in the market.

The classification of a market as inactive is based on indicators such as a substantial decline of the trading volume and level of activity in the market, the wide temporal distribution and dispersal of available prices to the aforementioned different market participants, or the fact that the last transaction effected under normal competition conditions did not occur recently.

If a financial instrument is traded in different markets and if the Group has direct access to these markets, the price in the market in which the volume and level of activity is highest is applied for the fair value of the financial instrument.

Transactions that are the result of compulsory sale situations are generally not considered for the purpose of determining the market price.

**Level 2 (L2): Instruments measured on the basis of other inputs besides the quoted prices indicated for Level 1, which are observable for the asset or liability in question either directly (i.e. in the form of prices) or indirectly (i.e. in the form of derived price information)**

Financial instruments quoted in markets that are not deemed to be sufficiently active and those which are traded in OTC markets are assigned to this level. Derived price information is deemed to be prices derived from the measurement of similar instruments and published by an external source.

The L2 category particularly includes securities measured at fair value for which no direct quotations are available (this can include corporate bonds, mortgage-backed securities, or fund units) and unconditional forward transactions and option contracts with derivatives on the OTC market: interest rate swaps, caps, floors, swaptions, warrant rights to shares, indices, exchange rates, commodities, credit derivatives. These instruments have maturities that correspond to maturities that are customarily traded in the market. They may be simple or may also feature more complex income profiles (e.g. barrier options, products with underlying multiples). In this case, however, the complexity remains limited. The measurement benchmarks applied for this purpose correspond to the methods customarily applied by the most important market actors.

This category also includes the fair value of loans and receivables at amortized cost that are granted to counterparties whose credit risk is quoted in the form of credit default swaps (CDSs).

**Level 3 (L3): Instruments for which the inputs applied for measurement purposes are not based on observable data (non-observable data)**

The financial instruments assigned to category L3 therefore include both derivatives with longer maturities than customary in the markets and/or with income profiles that exhibit special features. Liabilities measured at fair value are likewise assigned to the L3 category when the embedded derivatives related to them are also measured on the basis of methods for which the input parameters are not observable.

For purposes of the disclosures in the notes to the financial statements, a fair value analysis of assets measured at cost must be performed; this is done by discounting future cash flows to present value by application of a risk-appropriate interest rate.

As for complex derivatives, the most important instruments assigned to the L3 category are the following:

- Equity derivatives: These are option contracts with long maturities and/or tailored income mechanisms. These instruments are dependent on market parameters (volatilities, dividend ratios, correlations). Due to the lack of market depth and possibility of objectification by regular quotations, they are measured on the basis of proprietary methods (e.g. extrapolation of

observable data, historical analysis). Hybrid equity products (i.e. equity products for which at least one underlying asset is not an equity instrument) are likewise assigned to the L3 category due to the correlation between normally unobservable different underlying assets.

- Interest rate derivatives: These are long-term and/or exotic options, i.e. products that are dependent on correlations between different interest rates and exchange rates or between interest rates and exchange rates, such as in the case of quanto products for which the underlying assets are not denominated in the payment currency. They are assigned to the L3 category due to the non-observable measurement parameters in consideration of the liquidity of the currency pairs and the residual maturity of the transactions; for example, the interest rate-interest rate correlations of the USD/JPY pair are deemed to be non-observable.
- Credit derivatives: In this case, the L3 category particularly includes financial instruments aggregated in a basket with exposure to the default time correlation (products of the type “N to default” under which the buyer of the protection is indemnified from the Nth default, with exposure to the credit quality of the signatures that make up the basket and their correlation, or the type “CDO Bespoke,” which are CDOs (Collateralized Debt Obligations) with tailored tranches that are specifically created for a group of investors and structured according to their needs), and products which are exposed to the volatility of credit spreads.
- Commodity derivatives: They are assigned to this product category because they refer to non-observable parameters in relation to volatility or correlation (e.g. option rights to commodity swaps, financial assets measured at fair value).



## FINANCIAL ASSETS MEASURED AT FAIR VALUE

	12/31/2022			
<i>(In euro thousands)</i>	Level 1	Level 2	Level 3	Total
<b>Held for trading</b>	-	349	-	349
Bonds and other debt instruments	-	349	-	349
Equities and other equity instruments	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-
Other financial assets	-	-	-	-
	-	-	-	-
<b>Derivatives in the trading book</b>	-	1,215,231	-	1,215,231
Interest rate instruments	-	71,746	-	71,746
Foreign currency instruments	-	126,492	-	126,492
Equity and index instruments	-	552,897	-	552,897
Commodity instruments	-	464,096	-	464,096
Credit derivatives	-	-	-	-
Other financial futures instruments	-	-	-	-
	-	-	-	-
<b>Financial assets that must be measured at fair value through profit or loss</b>	1,062	931,444	248,858	1,181,364
Bonds and other debt instruments	-	-	-	-
Equities and other equity instruments	1,062	-	78,399	79,461
Loans and securities purchased under repurchase agreements	-	931,444	170,459	1,101,903
	-	-	-	-
<b>Financial assets for which the fair value option was exercised</b>	-	21	-	21
Bonds and other debt instruments	-	21	-	21
Loans and securities purchased under repo transactions	-	-	-	-
Other financial assets	-	-	-	-
Special fund for employee benefits	-	-	-	-
	-	-	-	-
<b>Hedging derivatives</b>	-	55,040	-	55,040
Interest rate instruments	-	55,040	-	55,040
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
	-	-	-	-
<b>Financial assets measured at fair value through other comprehensive income</b>	-	-	-	-
Bonds and other debt instruments	-	-	-	-
Equity instruments	-	-	-	-
Loans and receivables	-	-	-	-
	-	-	-	-
<b>Total financial assets at fair value</b>	1,062	2,202,085	248,858	2,452,005

## FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

<i>(In euro thousands)</i>	12/31/2022			
	Level 1	Level 2	Level 3	Total
<b>Held for trading</b>	-	91	-	91
Securitized liabilities	-	91	-	91
Liabilities from loaned securities	-	-	-	-
Bonds and other short-sale debt instruments	-	-	-	-
Equities and other short-sale equity instruments	-	-	-	-
Loans and securities sold under repo transactions	-	-	-	-
Other financial liabilities	-	-	-	-
	-	-	-	-
<b>Trading derivatives</b>	-	1,211,529	-	1,211,529
Interest rate instruments	-	80,758	-	80,758
Foreign currency instruments	-	100,048	-	100,048
Equity and index instruments	-	740,866	-	740,866
Commodity instruments	-	289,857	-	289,857
Credit derivatives	-	-	-	-
Other financial futures instruments	-	-	-	-
	-	-	-	-
<b>Financial liabilities for which the fair value option was exercised</b>	-	931,738	170,459	1,102,197
<b>Hedging derivatives</b>	-	-	-	-
Interest rate instruments	-	-	-	-
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
	-	-	-	-
<b>Total financial liabilities at fair value</b>	-	2,143,358	170,459	2,313,817

## CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

### Financial assets measured at fair value

<i>(In euro thousands)</i>	Balance at 12/31/2021	Addi- tions	Sales / redemptions	Reclassi- fied to Level 2	Reclassi- fied from Level 2	Period gains and losses	Ex- change rate differenc es	Other	Balance at 12/31/2022
<b>Held for trading</b>	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equities and other equity instruments	-	-	-	-	-	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
<b>Derivatives in the trading book</b>	<b>0</b>	<b>4</b>	<b>(687)</b>	-	-	<b>683</b>	-	-	<b>0</b>
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	<b>0</b>	<b>4</b>	<b>(687)</b>	-	-	<b>683</b>	-	-	<b>0</b>
Commodity instruments	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Other financial futures instruments	-	-	-	-	-	-	-	-	-
<b>Financial assets which must be measured at fair value through profit or loss</b>	<b>473,203</b>	<b>183,594</b>	-	<b>(918)</b>	<b>3,246</b>	<b>(410,267)</b>	-	-	<b>248,858</b>
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equities and other equity instruments	81,792	(1,002)	-	-	-	(2,391)	-	-	78,399
Loans and securities purchased under repurchase agreements	391,411	184,596	-	(918)	3,246	(407,876)	-	-	170,459
<b>Financial assets for which the fair value option was exercised</b>	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Special fund for employee benefits	-	-	-	-	-	-	-	-	-
<b>Hedging derivatives</b>	-	-	-	-	-	-	-	-	-

(In euro thousands)

	Balance at 12/31/2021	Addi- tions	Sales / redemptions	Reclassi- fied to Level 2	Reclassi- fied from Level 2	Period gains and losses	Ex- change rate differenc es	Other	Balance at 12/31/2022
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Financial assets measured at fair value through other comprehensive income</b>	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-	-	-
<b>Total financial assets at fair value</b>	<b>473,203</b>	<b>183,598</b>	<b>(687)</b>	<b>(918)</b>	<b>3,246</b>	<b>(409,584)</b>	<b>-</b>	<b>-</b>	<b>248,858</b>

#### Financial liabilities measured at fair value

(In euro thousands)

	Balance at 12/31/2021	Addition s	Sales / redemptions	Reclassifie d to Level 2	Reclassified from Level 2	Period gains and losses	Exchange rate differences	Other	Balance at 12/31/2022
<b>Held for trading</b>	-	-	-	-	-	-	-	-	-
Liabilities from loaned securities	-	-	-	-	-	-	-	-	-
Bonds and other short-sale debt instruments	-	-	-	-	-	-	-	-	-
Equities and other short-sale equity instruments	-	-	-	-	-	-	-	-	-
Loans and securities sold under repo transactions	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
<b>Trading derivatives</b>	<b>0</b>	<b>4</b>	<b>(687)</b>	<b>-</b>	<b>-</b>	<b>683</b>	<b>-</b>	<b>-</b>	<b>0</b>
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-

<i>(In euro thousands)</i>	Balance at 12/31/2021	Addition s	Sales / redemptions	Reclassifie d to Level 2	Reclassified from Level 2	Period gains and losses	Exchange rate differences	Other	Balance at 12/31/2022
Equity and index instruments	0	4	(687)	-	-	683	-	-	0
Commodity instruments	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Other financial futures instruments	-	-	-	-	-	-	-	-	-
<b>Financial liabilities for which the fair value option was exercised</b>	<b>391,411</b>	<b>184,596</b>		<b>(918)</b>	<b>3,246</b>	<b>(407,876)</b>		<b>-</b>	<b>170,459</b>
<b>Hedging derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
Interest rate instruments	-	-	-	-	-	-	-		-
Foreign currency instruments	-	-	-	-	-	-	-		-
Equity and index instruments	-	-	-	-	-	-	-		-
<b>Total financial liabilities at fair value</b>	<b>391,411</b>	<b>184,600</b>	<b>(687)</b>	<b>(918)</b>	<b>3,246</b>	<b>(407,193)</b>	<b>-</b>	<b>-</b>	<b>170,459</b>

## VALUATION METHODS FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE STATEMENT OF FINANCIAL POSITION

The fair value of financial instruments measured at fair value through profit or loss is primarily determined on the basis of prices quoted in an active market. These prices may possibly be adjusted if they are not available at the reporting date or if the settlement value does not reflect the transaction prices.

However, most of the financial products traded by the Group are not quoted directly in the markets due to the diverse characteristics of the OTC financial instruments traded in the financial markets. For these products, the fair value is determined with the aid of valuation methods that are commonly used by market participants to measure the value of financial instruments, such as discounted future cash flows or the Black-Scholes model for certain bonds, or measurement parameters are applied at values estimated on the basis of market conditions at the reporting date. These valuation models are subjected to an independent validation by the experts of the Market Risks Department of the Risks Directorate of the higher-ranking corporate group of Société Générale S.A., Paris.

Regardless of whether they are based on observable data in the market or not, the parameters applied in the valuation models are subjected to monthly, detailed reviews by the Finance Directorate for Key Customers and Investors (GBIS) of Société Générale S.A., Paris, in accordance with the methods specified by the Market Risks Department.

Where applicable, these valuations are supplemented by premiums and discounts (particularly including bid-ask or liquidity), which are determined in a meaningful and appropriate manner after reviewing the available information.

Because these instruments are derivative financial instruments and repos at fair value, an adjustment for counterparty default risk ("Credit Valuation Adjustment"/"Debt Valuation Adjustment," CVA/DVA) is also recognized. All customers and clearing centers are included in this adjustment. In determining this adjustment, due consideration is also given to all clearing agreements in effect with all counterparties. The CVA is calculated on the basis of the entity's expected positive exposure to the counterparty, the counterparty's conditional default probability assuming non-default on the part of the affected entity, and the amount of losses to be incurred upon default. The DVA is calculated symmetrically on the basis of the expected negative exposure. The calculations are performed for the life of the potential exposure on the basis of observable and relevant market data.

For derivatives for which no clearing agreements are in effect, an adjustment is similarly applied on the basis of expenses or income related to the funding of these transactions (Funding Valuation Adjustment, FVA).

Observable data must exhibit the following characteristics: It must be non-proprietary (independent of the Group), available, publicly circulated data based on a broad consensus. An amount of only

EUR 1,062 thousand worth of instruments traded in financial markets is presented under Equities and other equity instruments.

Consensus data provided by external counterparties is deemed to be observable if the underlying market is liquid and the stated prices are confirmed by genuine transactions. In the case of long maturities, such consensus data is not deemed to be observable. This is the case with implied volatilities, which are applied to measure equity option instruments with a horizon of longer than 5 years. On the other hand, the instrument may be considered for the purpose of measurement on the basis of observable parameters when its remaining term to maturity is less than the threshold value of 5 years.

In the event of unusual tensions in the markets that result in the absence of the reference data customarily applied to measure the value of a financial instrument, a new model based on the data available at the time may be employed, one that follows the pattern of the methods applied by other market participants as well.

#### **Equities and other variable-yield securities**

The fair value of listed securities is equal to their stock exchange price at the reporting date. The fair value of listed securities is determined with the aid of one of the following measurement methods, depending on the financial instrument in question:

- Measurement on the basis of a transaction in the recent past that affected the issuer, including (for example) a recent acquisition of company stock by a third party, or measurement on the basis of an expert opinion;
- Measurement on the basis of a transaction in the recent past in the sector in which the issuer is active, including (for example) earnings multiples, asset multiples;
- Share of remeasured net assets held.

In the case of larger volumes of unlisted securities, the measurements performed on the basis of the aforementioned methods are supplemented with the use of methods based on the discounting to present value of the cash flows generated in the company's business activity or derived from business plans, or based on the valuation multiples of similar companies.

#### **Debt instruments held (fixed-income securities), issues of structured securities, and derivative financial instruments measured at fair value**

The fair value of these financial instruments is calculated with reference to quoted prices at the reporting date or the prices provided by brokers for the same date, if available. The fair value of unlisted financial instruments is determined with the aid of measurement techniques. In the case of financial liabilities measured at fair value, the chosen measurement methods also take the effect of the Group's risk as an issuer into account.

## Other liabilities

The fair value of listed financial instruments is equal to the fair value of the quoted prices at the reporting date. The fair value of unlisted financial instruments is determined by discounting future cash flows to present value at the market rate of interest (including counterparty, default, and liquidity risk).

## FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE LEVEL 3

The instruments measured at a fair value that is not based on observable market parameters (Level 3) are the interests in the affiliated companies ALD Auto Leasing und Dienstleistungs GmbH. These interests are subject to the measurement exception according to IFRS 5 because there is an intent to sell them. In applying the impairment principle by determining the lower of the carrying amount or fair value less costs to sell, the carrying amount was applied as the lower value for these companies. Therefore, the interests are measured at their carrying amounts before transfer to the Group's parent company and presented as available-for-sale financial assets.

## NOTE 4.4 - LOANS AND RECEIVABLES AT AMORTIZED COST

### LOANS TO AND RECEIVABLES FROM BANKS AT AMORTIZED COST

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Current accounts	112,638	123,524
Term deposits and loans	85,317	29,070
<b>Related receivables</b>	42	59
<b>Loans and receivables without impairments</b>	<b>197,997</b>	<b>152,653</b>
Impairments on defaulted loans	-	-
Remeasurement of hedged balance sheet items	-	-
<b>Total net</b>	<b>197,997</b>	<b>152,653</b>



## LOANS TO AND RECEIVABLES FROM CUSTOMERS (INCLUDING FINANCE LEASES)

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Loans to customers	4,499,518	4,403,783
Finance leases	472,607	460,525
<b>Loans to customers without impairments</b>	<b>4,972,125</b>	<b>4,864,308</b>
Impairments on defaulted loans	(68,078)	(63,876)
<i>Customers</i>	<i>(58,279)</i>	<i>(54,992)</i>
<i>Finance leases</i>	<i>(9,799)</i>	<i>(8,884)</i>
Remeasurement of hedged balance sheet items	-	-
<b>Total net</b>	<b>4,904,047</b>	<b>4,800,432</b>
<i>Loans to customers</i>	<i>4,441,239</i>	<i>4,348,791</i>
<i>Finance leases</i>	<i>462,808</i>	<i>451,641</i>

Please see Note 4.8 “Impairments and provisions.”

## NOTE 4.5 - LIABILITIES AT AMORTIZED COST

### LIABILITIES TO BANKS

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Deposits and current accounts	45,357	14,385
Forward liabilities	3,637,613	3,433,758
Other liabilities	941	146
Remeasurement of hedged balance sheet items	-	-
Securities sold under repurchase agreements	-	-
<b>Total</b>	<b>3,683,911</b>	<b>3,448,289</b>

### LIABILITIES TO CUSTOMERS

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Other sight deposits	68	208
<b>Total liabilities to customers</b>	<b>68</b>	<b>208</b>
Liabilities secured by bonds and securities	-	-
Securities sold to customers under repurchase agreements	-	-
<b>Total</b>	<b>68</b>	<b>208</b>

## SECURITIZED LIABILITIES

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Interbank market securities and tradable debentures	1,857,415	2,074,039
Other liabilities	2,134	150
<b>Total</b>	<b>1,859,549</b>	<b>2,074,189</b>

## NOTE 4.6 – TRANSFERRED ASSETS

Moreover, the instrument of securitized loan receivables is also employed in the Financial Services to Corporates and Retails segment. Under the name “Red & Black,” which is used for the securitized liabilities of the Société Générale Group, we have bundled leasing receivables into 9 structures to date and placed them with the public. Four active structures remained at the reporting date.

The carrying amount of transferred receivables was EUR 1,889.03 million and that of the corresponding liabilities was EUR 1,701.55 million. The transferred assets are among the assets subject to restrictions on disposal.

The corresponding market value of the receivables is EUR 1,889.03 million and that of the liabilities is EUR 1,811.73 million, yielding a net receivable of EUR 77.30 million. The receivables are presented within “Loans to and receivables from customers,” the liabilities within “Securitized liabilities.”

## NOTE 4.7 – INTEREST AND SIMILAR INCOME / EXPENSES

<i>(In euro thousands)</i>	<b>2022</b>			<b>2021</b>		
	Income	Expenses	Net	Income	Expenses	Net
<b>Financial instruments at amortized cost</b>	<b>183,051</b>	<b>(28,454)</b>	<b>154,598</b>	<b>172,306</b>	<b>(10,215)</b>	<b>162,156</b>
Central banks	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-
Issued debentures	-	(13,514)	(13,514)	-	(1,501)	(1,501)
Transactions with banks	211	(14,610)	(14,399)	44	(8,598)	(8,554)
				-	-	-
Loans to customers and sight deposits	156,438	-	156,438	149,370	(65)	149,305
Subordinated liabilities	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-
				-	-	-
Securities purchased / sold under repurchase agreements and loans secured by securities	8,215	-	8,215	5,523	-	5,523
<b>Leases</b>	<b>18,187</b>	<b>(330)</b>	<b>17,858</b>	<b>17,369</b>	<b>(51)</b>	<b>17,318</b>
<i>Real estate</i>	-	(330)	(330)	-	(51)	(51)
<i>Equipment</i>	18,187	-	18,187	17,369	-	17,369
<b>Hedging derivatives</b>	<b>12,160</b>	<b>(7,805)</b>	<b>4,355</b>	<b>3,125</b>	<b>(4,937)</b>	<b>(1,812)</b>
<b>Financial instruments measured at fair value through other comprehensive income</b>	-	-	-	-	-	-
<b>Financial instruments measured at fair value through profit or loss</b>	<b>(25)</b>	<b>-</b>	<b>(25)</b>	<b>149</b>	<b>-</b>	<b>149</b>
<i>Bonds and other debt instruments</i>	-	-	-	-	-	-
<i>Receivables from banks</i>	(25)	-	(25)	149	-	149
<i>Loans to customers</i>	-	-	-	-	-	-
<i>Securities purchased under repurchase agreements</i>	-	-	-	-	-	-
<b>Total interest income and interest expenses</b>	<b>195,186</b>	<b>(36,259)</b>	<b>158,927</b>	<b>175,580</b>	<b>(15,152)</b>	<b>160,428</b>

## NOTE 4.8 – IMPAIRMENTS AND PROVISIONS

### ACCOUNTING POLICIES

Debt instruments as financial assets measured at amortized cost or at fair value through other comprehensive income, receivables under operating leases, customer receivables, collectible income presented in Other assets, and loan commitments and issued guarantees are subject to credit default risk, which is accounted for as an impairment or loss allowance in the amount of the expected credit loss. These impairments and loss allowances are recognized at the date of commitment or granting of the loan or purchase of securities. Objective indications of an impairment are not a requirement for such impairments and loss allowances.

In order to determine the amount of the impairments or loss allowances to be recognized at every reporting date, these risk positions are classified to one of three categories on the basis of the increased default risk since initial recognition. An impairment or loss allowance is recognized for the risk positions in each one of these categories as follows:

Observed risk of credit quality deterioration Since initial recognition of the financial asset			
Category of default risk	Level 1  Assets upon acquisition	Level 2  Assets with a significant increase in default risk	Level 3  Assets with impaired credit quality
Transfer criteria	Initial recognition of the asset instrument in <b>Level 1</b>  → <i>Unchanged if the default risk has not increased significantly</i>	The default risk of the instrument has increased significantly since initial recognition / 30 days past due	Indication that the credit quality of the instrument has been impaired / 90 days past due
Measurement of default risks	12-month  expected credit losses	Lifetime  expected credit losses	Lifetime  expected credit losses
Measurement basis interest income	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

Upon initial recognition, the risk positions are systematically classified to Level 1 unless they exhibit a negative development or if their credit quality is already impaired upon acquisition. An impairment is recognized in Level 1 risk positions in the amount of the credit losses which the Group expects within the next 12 months on the basis of historical data and the current situation (expected credit losses from loss events within 12 months). Accordingly, the amount of the impairment is measured as the difference between the gross carrying amount of the asset and the present value of future cash flows that are expected to be received. Due consideration is given to the effects of security already called or expected to be called in the future and the probability of a payment default within the next 12 months.

Assets that exhibit impaired credit quality already upon purchase or acquisition are presented separately in the statement of financial position. Thus, the change in the expected collectible cash flows from the instrument is discounted to present value by application of the original effective interest rate and adjusted for default risk.

In order to determine the Level 2 risk positions, the Group assesses the significant increase in default risk. This assessment is conducted on the basis of all available historical and forward-looking data (behavioral scores, loan value indicators, macroeconomic forecast scenarios, etc.). The current credit quality ranking is the determining indicator in deciding whether the given risk position should be classified to Level 2. If the credit quality ranking has been significantly downgraded since initial application, a loss allowance is recognized in the amount of the lifetime expected credit losses. Significant increases in default risk are assessed at the portfolio level on the basis of default probability curves in order to calculate the loss allowances according to IFRS 9. The limit values for significantly increased default risks are reviewed once a year. If in addition to that a counterparty is classified as critical at the reporting date (placed on a watch list), a loss allowance is recognized at the reporting date for all contracts concluded with this counterparty. Risk positions that arise after placement of the counterparty on the watch list are classified to Level 1. In addition, we assume that the default risk has increased significantly when the asset is more than 30 days past due. Due to macroeconomic uncertainties (Ukraine war, energy crisis, high inflation, and persistent supply chain problems), slight adjustments were made to Levels 1 and 2 of the risk provisions in Q4 2022.

In order to determine the Level 3 risk positions (doubtful receivables), the Group determines whether or not there are any objective indications or an impairment (default event):

- A significant deterioration of the financial situation of the counterparty makes it highly probable that it will no longer be able to fulfill all its obligations. Therefore, it represents a loss risk for the Group;
- In view of the financial difficulties of the borrower, concessions are granted to it in the provisions of the loan agreement that would not otherwise have been granted to it under different circumstances.
- Payment default of more than 90 days (with the exception of restructured loans during the probation period, which are deemed to be impaired as of the date of the first missed payment). Whether or not a collection process has been initiated is irrelevant in this regard.
- The high probability of a default risk or legal proceeding, even if no payment is in default (insolvency, court-ordered settlement or compulsory liquidation).

The Group applies the impairment transfer principle for all risk positions of the counterparty that has defaulted. If the debtor is part of a corporate group, the impairment transfer principle can also be applied to all risk positions of that corporate group.

Level 2 and 3 risk positions are impaired by the amount of credit losses which the Group expects over the life of the risk positions (lifetime expected credit losses). Historical data, the current situation, and trackable changes in economic forecasts, as well as relevant macroeconomic factors up to the maturity date, are taken into consideration. Accordingly, the amount of the impairment is calculated as the difference between the

gross carrying amount of the asset and the present value of future cash flows that are expected to be received. The effects of security already called or expected to be called in the future, as well as the probability of a payment default occurring up to the maturity date, are taken into consideration.

Regardless of the level to which the risk positions are classified, cash flows are discounted to present value by the original effective interest rate of the financial asset. The impairment amount is included in the net carrying amount of a credit-impaired financial asset. Allocations and reversals of impairments are recognized as expenses in the item of Risk expenses.

The Group applies the “simplified” approach for trade receivables. Under this approach, impairments are calculated as the lifetime expected credit losses at the date of initial recognition. Whether or not the credit risk of the counterparty has changed is irrelevant in this regard.

Loans granted by the Group could possibly be restructured to ensure the collection of principal and interest payments. For this purpose, the contractual terms of the loan are adjusted (e.g. reduction of the interest rate, rescheduling of the payment obligation, partial debt remission, or additional security). Assets may only be restructured when the borrower has encountered financial difficulties or filed for insolvency proceedings (also if the borrower is already or will become insolvent with a high degree of probability if the loan is not restructured).

Restructured loans that pass the SPPI test are recognized in the statement of financial position. The amortized cost before the impairment is reduced by the amount of the negative difference between the present value of the new contractual cash flows after restructuring of the loan and the amortized cost before the impairment, less any partial debt remissions. This reduction is equal to the lost profit and is recognized in the income statement item of Risk expenses. Consequently, the related interest income is subsequently still measured at the original effective interest rate of the loans. After the restructuring, these assets are systematically classified to Level 3 (credit-impaired risk positions) as a result of being impaired because the borrowers are classified as insolvent. The classification to Level 3 is maintained for at least one year or longer if the Group is not certain as to whether the borrowers will be able to fulfill their obligations. If the loan is no longer classified to Level 3, the Group assesses the significant increase in default risk by comparing the degree of default risk at the reporting date with the default rate upon initial recognition of the loan before it was restructured.

If restructured loans no longer pass the SPPI test, they are derecognized and the new, restructured loans replace the derecognized loans in the statement of financial position at the same date. The new loans are then recognized as financial assets measured at fair value through profit or loss in accordance with the applicable rules.

## OVERVIEW OF IMPAIRMENTS AND PROVISIONS

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Impairments of financial assets measured at fair value through other comprehensive income	-	-
Impairments of financial assets at amortized cost	<b>69,395</b>	<b>65,194</b>
<i>Loans and receivables at amortized cost</i>	<i>68,078</i>	<i>63,876</i>
<i>Other assets at amortized cost</i>	<i>1,317</i>	<i>1,318</i>
Provisions for financial commitments	1,225	1,361
Provisions for guaranty commitments	-	-
<b>Total impairments for credit default</b>	<b>1,225</b>	<b>1,361</b>

## IMPAIRMENTS OF FINANCIAL ASSETS

(In euro thousands)

	Impairments at 01/01/2022	Addi- tions	Reversal	Net impairment expenses	Utilization	Other changes	Impairments at 12/31/2022
<b>Financial assets at amortized cost</b>	-	-	-	-	-	-	-
Impairments of performing receivables (Level 1)	20,834	8,349	(6,234)	2,115	-	-	22,949
Impairments of distressed receivables (Level 2)	4,816	5,739	(2,133)	3,606	-	-	8,422
Impairments of doubtful receivables (Level 3)	39,544	24,262	(18,229)	6,033	(7,553)	-	38,024
<b>Total</b>	<b>65,194</b>	<b>38,350</b>	<b>(26,596)</b>	<b>11,754</b>	<b>(7,553)</b>	<b>-</b>	<b>69,395</b>
<b>thereof finance leases and similar agreements</b>	-	-	-	-	-	-	-
Impairments of performing receivables (Level 1)	6,000	2,229	(2,175)	54	-	-	6,054
Impairments of distressed receivables (Level 2)	288	467	(281)	186	-	-	474
Impairments of doubtful receivables (Level 3)	2,596	3,746	(2,162)	1,584	(909)	-	3,271
<b>Total</b>	<b>8,884</b>	<b>6,442</b>	<b>(4,618)</b>	<b>1,824</b>	<b>(909)</b>	<b>-</b>	<b>9,799</b>

## PROVISIONS

(In euro thousands)

	Impairments at 01/01/2022	Additions	Reversal	Net impairment expenses	Utilization	Other changes	Impairments at 12/31/2022
<b>Financial commitments</b>							
Impairments of performing receivables (Level 1)	1,335		(128)	(128)	-	-	1,207
Impairments of distressed receivables (Level 2)	-	-	-	-	-	-	-
Impairments of doubtful receivables (Level 3)	26	-	(8)	(8)	-	-	18
<b>Total</b>	<b>1,361</b>		<b>(136)</b>	<b>(136)</b>	<b>-</b>	<b>-</b>	<b>1,225</b>
<b>Guaranty commitments</b>							
Impairments of performing receivables (Level 1)	-	-	-	-	-	-	-
Impairments of distressed receivables (Level 2)	-	-	-	-	-	-	-
Impairments of doubtful receivables (Level 3)	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## RISK EXPENSES

<i>(In euro thousands)</i>	2022	2021
<b>Credit risk</b>	<b>(9,507)</b>	<b>(2,805)</b>
Net additions for impairments	(11,752)	(4,928)
<i>Financial assets at fair value through other comprehensive income</i>	-	-
<i>Financial assets at amortized cost</i>	(11,752)	(4,928)
Net additions to provisions	137	(638)
<i>Financial commitments</i>	137	(638)
<i>Guaranty commitments</i>	-	-
Unsecured losses on bad loans	-	-
Amounts recovered on bad loans	2,108	2,761
<b>Other risks</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(9,507)</b>	<b>(2,805)</b>

## NOTE 4.9 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT COST

The fair values of financial instruments not measured at fair value in the statement of financial position are presented in this Note.

### FINANCIAL ASSETS MEASURED AT COST

	12/31/2022	
<i>(In euro thousands)</i>	Carrying amount	Fair value
Receivables from banks	197,997	142,617
Loans to customers	4,904,047	4,246,541
<i>Loans to customers at amortized cost</i>	4,441,239	3,790,463
<i>Receivables under leases</i>	462,808	456,079
Securities	-	-
<b>Total financial assets measured at cost</b>	<b>5,102,044</b>	<b>4,389,158</b>

### FINANCIAL LIABILITIES MEASURED AT COST

	12/31/2022	
<i>(In euro thousands)</i>	Carrying amount	Fair value
Liabilities to banks	3,683,911	3,683,912
Liabilities to customers	68	68
Issued debentures	1,859,549	1,859,547
Subordinated liabilities	-	-
<b>Total financial liabilities measured at cost</b>	<b>5,543,528</b>	<b>5,543,527</b>

## **MEASUREMENT METHODS**

### **Loans, receivables, and finance leases**

Due to the lack of an active market for these loans, the fair value of loans and receivables and finance lease receivables from large companies is calculated by discounting expected cash flows to present value by application of a discount factor based on market interest rates (actuarial reference rate and zero-coupon rate published by the Banque de France) applicable at the reporting date to loans that have essentially the same terms and maturities. These interest rates are adjusted by adding premiums for liquidity and administrative expenses to account for the borrower's credit risk.

Due to the lack of an active market for these loans, the fair value of loans and receivables and finance lease receivables from retail banking customers, primarily consisting of individuals and small and medium-sized enterprises, is calculated by discounting the future cash flows to present value by application of market interest rates that apply to loans of the same category and maturity at the reporting date.

In the case of loans, receivables and finance lease receivables with variable interest rates and loans with fixed interest rates and initial terms of one year or less, it is assumed that the fair value is equal to the carrying amount if there have been no significant fluctuations of the credit spreads for the counterparties since being recognized in the statement of financial position.

### **Liabilities**

Due to the lack of an active market for these liabilities, it is assumed that the fair value of liabilities is equal to the value of future cash flows discounted to present value by application of the market interest rate on the reporting date. If the liability is securitized in the form of an exchange-listed financial instrument, the value is equal to the market price.

In the case of liabilities with variable interest rates and liabilities with an initial term of one year or less, it is assumed that the fair value is equal to the carrying amount. In the same way, the individual fair value of sight deposits is equal to the carrying amount.

## NOTE 5 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

<i>(In euro thousands)</i>	Intangible assets	Intangible assets under development	Operational property, plant and equipment	Assets under leases	Capital goods	Right-of-use assets	Total
<b>Acquisition and production cost</b>							
<b>Balance at January 1, 2021</b>	<b>24,286</b>	-	<b>10,499</b>	<b>807,789</b>	-	<b>26,350</b>	<b>868,924</b>
Acquisitions	(917)	-	446	179,688	-	189	<b>179,406</b>
Disposals	(168)	-	-	(253,147)	-	(277)	<b>(253,592)</b>
Reclassifications	-	-	-	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>23,201</b>	-	<b>10,945</b>	<b>734,330</b>	-	<b>26,262</b>	<b>794,738</b>
<b>Accumulated depreciation, amortization and impairment expenses</b>							
<b>Balance at January 1, 2021</b>	<b>(20,030)</b>	-	<b>(4,956)</b>	<b>(204,450)</b>	-	<b>(3,223)</b>	<b>(232,659)</b>
Depreciation and amortization	(2,210)	-	(1,388)	(95,895)	-	(2,962)	<b>(102,455)</b>
Impairment expenses	-	-	-	(72)	-	-	<b>(72)</b>
Reversals of impairments / disposals	1,253	-	-	110,624	-	303	<b>112,180</b>
Reclassifications	401	-	96	-	-	-	<b>497</b>
<b>Balance at December 31, 2021</b>	<b>(20,586)</b>	-	<b>(6,248)</b>	<b>(189,793)</b>	-	<b>(5,882)</b>	<b>(222,509)</b>
<b>Carrying amounts</b>							
<b>at January 1, 2021</b>	<b>4,256</b>	-	<b>5,543</b>	<b>603,339</b>	-	<b>23,127</b>	<b>636,265</b>
<b>Balance at December 31, 2021</b>	<b>2,615</b>	-	<b>4,697</b>	<b>544,537</b>	-	<b>20,380</b>	<b>572,229</b>

## NOTE 5 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

<i>(in TEUR)</i>	Intangible assets	Intangible assets under development	Operational property, plant and equipment	Assets under leases	Capital goods	Right-of-use assets	Total
<b>Acquisition and production cost</b>							
<b>Balance at January 1, 2022</b>	<b>23,195</b>	-	<b>10,951</b>	<b>734,330</b>	-	<b>26,262</b>	<b>794,738</b>
Acquisitions	1,189	-	4,348	106,462	-	28,506	<b>140,505</b>
Disposals	(65)	-	(2,833)	(244,035)	-	(4,836)	<b>(251,769)</b>
Reclassifications	-	-	-	-	-	-	-
<b>Balance at December 31, 2022</b>	<b>24,319</b>	-	<b>12,466</b>	<b>596,757</b>	-	<b>49,932</b>	<b>683,474</b>
<b>Accumulated depreciation, amortization and impairment expenses</b>							
<b>Balance at January 1, 2022</b>	<b>(20,586)</b>	-	<b>(6,248)</b>	<b>(189,793)</b>	-	<b>(5,882)</b>	<b>(222,509)</b>
Depreciation and amortization	(1,326)	-	(2,252)	(79,368)	-	(15,338)	<b>(98,284)</b>
Impairment expenses	-	-	-	(877)	-	-	<b>(877)</b>
Reversals of impairments / disposals	55	-	864	100,251	-	665	<b>101,835</b>
Reclassifications	-	-	-	-	-	-	-
<b>Balance at December 31, 2022</b>	<b>(21,857)</b>	-	<b>(7,636)</b>	<b>(169,787)</b>	-	<b>(20,555)</b>	<b>(219,835)</b>
<b>Carrying amounts</b>							
<b>at January 1, 2022</b>	<b>2,609</b>	-	<b>4,703</b>	<b>544,537</b>	-	<b>20,380</b>	<b>572,229</b>
<b>Balance at December 31, 2022</b>	<b>2,462</b>	-	<b>4,830</b>	<b>426,970</b>	-	<b>29,377</b>	<b>463,639</b>

## NOTE 6 – GOODWILL

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The following goodwill items were recognized at the level of cash-generating units in financial year 2022:

- Financial Services to Corporates and Retails: Goodwill in the amount of EUR 1,569 thousand resulted from the purchase of BDK by ALD LF in 2002. BDK was identified as the cash-generating unit and assigned to the Financial Services to Corporates and Retails operating segment. Due to the positive business performance, there is no need to recognize an impairment.

As a general rule, the goodwill of the cash-generating units is subjected to an impairment test in the fourth quarter of every year. A cash-generating unit (CGU) is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets within the Company. The impairment tests involve an assessment of the recoverable amount of each goodwill-containing CGU or group of CGUs and the comparison of the recoverable amount with its carrying amount. An impairment is recognized when the carrying amount of a goodwill-containing CGU or group of CGUs is higher than its recoverable amount. The recoverable amount is defined as the higher of the value in use and the fair value less costs of disposal. The impairment so calculated is first applied to reduce the value of goodwill and the amount by which the impairment exceeds goodwill is applied to reduce the value of the other assets of the CGU. The recoverable amount of a CGU is calculated in accordance with the best-suited method, particularly the method of discounted cash flows after taxes. The corresponding calculation method is generally applied at the level of the CGU.

The cash flows applied for this calculation are determined with reference to a business plan prepared on the basis of preliminary budgets for the next four years in every case, extrapolated to a period of sustainable growth (generally by another four years) and then extrapolated ad infinitum on the basis of a long-term growth rate:

- The discount rate is calculated on the basis of a risk-free interest rate to which a risk premium is added, depending on the underlying activity of each CGU. This specific risk premium for each business segment is determined on the basis of the equity risk premiums published by SG Research, and the estimated volatility (beta). Where applicable, a further premium is added to the risk-free rate for country risk, calculated as the difference between the risk-free interest rate of the attribution zone (Eurozone) and the interest rate of the liquid, long-term bonds issued by the corresponding country in the currency of the attribution zone, or the weighted average value according to the legally prescribed capital in the case of a CGU that comprises more than one country.
- The growth rate applied for the end value is based on a long-term forecast of economic growth and inflation rates.

The leading valuation concept is the value in use on the basis of discounted cash flows.

## NOTE 7 – OTHER ACTIVITIES

### NOTE 7.1 – COMMISSION INCOME AND EXPENSES

<i>(In euro thousands)</i>	<b>2022</b>			<b>2021</b>		
	<b>Income</b>	<b>Expenses</b>	<b>Net</b>	<b>Income</b>	<b>Expenses</b>	<b>Net</b>
Transactions with banks	-	(877)	(877)	-	(1,150)	(1,150)
Transactions with customers	15,922	(552)	15,370	23,862	(1,467)	22,395
<b>Operations with financial instruments from securities transactions</b>	<b>-</b>	<b>(8,209)</b>	<b>(8,209)</b>	<b>-</b>	<b>(8,527)</b>	<b>(8,527)</b>
Loans and guaranty commitments	-	(20)	(20)	-	(20)	(20)
Services	30,465	-	30,465	41,131	-	41,131
Other	10,427	(2,599)	7,828	9,892	(3,173)	6,719
<b>Total</b>	<b>56,814</b>	<b>(12,267)</b>	<b>44,547</b>	<b>74,885</b>	<b>(14,337)</b>	<b>60,548</b>

### NOTE 7.2 – INCOME AND EXPENSES FOR OTHER ACTIVITIES

<i>(In euro thousands)</i>	<b>2022</b>			<b>2021</b>		
	<b>Income</b>	<b>Expenses</b>	<b>Net</b>	<b>Income</b>	<b>Expense s</b>	<b>Net</b>
Real estate development	-	-	-	-	-	-
Real estate leasing	-	-	-	-	-	-
Equipment leasing	<b>395,731</b>	<b>(343,050)</b>	<b>52,681</b>	380,689	(346,593)	34,096
Other activities	<b>2,145</b>	<b>(64,281)</b>	<b>(62,136)</b>	5,002	(69,492)	(64,490)
<b>Total</b>	<b>397,876</b>	<b>(407,331)</b>	<b>(9,455)</b>	<b>385,691</b>	<b>(416,085)</b>	<b>(30,394)</b>

The income from equipment leasing and other activities is composed of the following items:

<i>(In euro thousands)</i>	<b>2022</b>	<b>2021</b>
Income from the sale of operating lease objects	373,831	305,186
Refunds of grants for operating lease objects	81	787
Income from operating leases	5,205	55,456
Other income from operating leases	16,511	19,165
Income from fees for late payments	103	95
Other income	2,145	5,002
<b>Total</b>	<b>397,876</b>	<b>385,691</b>

The expenses for other activities are composed of the following items:

<i>(In euro thousands)</i>	<b>2022</b>	<b>2021</b>
Discounts on operating leases	(877)	(72)
Book losses on sales of operating leases	(234,330)	(216,013)
Depreciation of operating lease objects	(79,368)	(95,895)
Other expenses for finance leases	(28,475)	(34,613)
Expenses for inventory-taking	(281)	-
Expenses for other non-banking activities	(63,987)	(69,323)
Other discounts	(13)	(169)
<b>Total</b>	<b>(407,331)</b>	<b>(416,085)</b>

## NOTE 7.3 – OTHER ASSETS AND LIABILITIES

### OTHER ASSETS

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Clearing account for securities transactions	13	13
Prepaid expenses	90,129	93,938
Miscellaneous other receivables	152,404	115,388
<b>Total gross</b>	<b>242,546</b>	<b>209,339</b>
Impairments	(2,975)	(2,696)
<b>Total net</b>	<b>239,571</b>	<b>206,643</b>

At December 31, 2022, the Miscellaneous item mainly included outstanding receivables under operating leases and commission receivables.

Overview of non-impaired past-due receivables:

<i>(In euro thousands)</i>	<b>12/31/2022</b>
30 to 60 days past due	52
61 to 90 days past due	49
91 to 180 days past due	47
Past due longer than 181 days	103

### OTHER LIABILITIES

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Deposit guarantees received	-	-
Settlement accounts for transactions with securities	2,103	3,212
Employees benefits	9,397	3,504
Lease liabilities	39,671	20,439
Deferred income	19,747	30,873
Miscellaneous other payables	99,380	116,774
<b>Total</b>	<b>170,298</b>	<b>174,802</b>

The item of Miscellaneous other payables mainly comprises expenses paid and liabilities under the profit transfer agreement in effect with the tax group parent company Société Générale S.A. Frankfurt Branch.

## NOTE 8 – PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

### PERSONNEL EXPENSES

<i>(In euro thousands)</i>	2022	2021
Employee compensation	(65,565)	(55,242)
Social security contributions and payroll taxes	(10,115)	(10,593)
Net pension expenses – Special fund	(194)	(197)
Net pension expenses – Defined benefit pension plan	(919)	(634)
Employee profit participation and bonuses	(137)	0
<b>Total</b>	<b>(76,930)</b>	<b>(66,666)</b>
<i>Including net expenses of share-based compensation</i>	(134)	0

### Employees

The average number of employees in financial year 2022 was:

	Male	Female	Total
Global Banking and Investor Solutions	2	2	4
Financial Services to Corporates and Retails	398	379	777
Asset Management	82	65	147
<b>Total</b>	<b>482</b>	<b>446</b>	<b>928</b>

### DEVELOPMENT OF PROVISIONS FOR EMPLOYEE BENEFITS

<i>(In euro thousands)</i>	Balance at 12/31/2021	Additions	Reversal	Net additions	Utilization	Other changes	Balance at 12/31/2022
Provisions for employee benefits	<b>34,339</b>	6,837	(421)	<b>6,416</b>	(7,695)	(8,616)	<b>24,444</b>

### POST-EMPLOYMENT BENEFITS

In calculating the provision for employee benefits, an actuarial interest rate of 3.76% (PY: 0.95%), a salary dynamic of 3.00% (PY: 3.00%), and a pension dynamic of -0.15% (PY: -0.15%) were assumed for the ALD sub-group (Financial Services to Corporates and Retails segment). For the company SGSS (Asset Management segment), an actuarial interest rate of 0.00% (PY: 1.05%), a salary dynamic of 0.00% (PY: 0.50%), and a pension dynamic of 0.00% (PY: 0.00%) were assumed. For the company SG Effekten (Global



Banking and Investor Solutions segment), an actuarial interest rate of 1.00% (PY: 1.00%), a salary dynamic of 3.20% (PY: 2.30%), and a pension dynamic of 2.20% (PY: 0.00%) were assumed.

The Group's retirement benefits consist of the following retirement plans:

### **DEFINED CONTRIBUTION PLANS**

Individual defined contribution pension plans exist for individual employees in the segment of Financial Services to Corporates and Retails.

### **DEFINED BENEFIT PLANS**

The following defined benefit plans are in effect within the Global Banking and Investor Solutions segment:

#### Pension commitment according to the Pension Plan (VO) in the version of May 1, 1986

Employee pensions (retirement pensions, early retirement pensions, disability pensions) and survivor's pensions (surviving spouse's pensions, orphan's pensions) are granted.

A retirement pension is granted from the completion of the 65<sup>th</sup> year of life and an early retirement pension is granted when an early retirement pension is claimed under the statutory pension insurance system. The amount of benefits is determined on the basis of the eligible years of service and the pension benefit-eligible income. Eligible years of service are all years and full months in which the employment relationship was in effect, but not longer than up to the normal retirement date, but not more than 40 years.

Pension benefit-eligible income equals the monthly base salary multiplied by 13. The retirement pension and disability pension are equal to 0.40% of pension benefit-eligible income up to the contribution assessment limit, plus 1.50% of eligible income beyond the contribution assessment limit under the statutory pension insurance system, multiplied by the eligible years of service. For an early retirement pension, the pension benefit is reduced by 0.50% for each month when it is claimed before the normal retirement date, but not more than 12%.

The surviving spouse's pension is equal to 60% of the paid pension or claim to a retirement and disability pension at the time of death.

The orphan's pension is equal to 15% of the paid pension or claim to a retirement and disability pension at the time of death.

The orphan's pension is paid until the completion of the 18<sup>th</sup> year of life; all other pensions are paid for life.

#### In addition, there is an individual commitment that differs from the preceding plan in the following respects:

The amount of benefits is determined on the basis of the pension benefit-eligible years of service and the pension benefit-eligible income. The pension benefit-eligible years of service are all full years in which the employment relationship was in effect up to the normal retirement age. Pension-eligible income is defined as twelve times the last monthly collective agreement wage, or the fixed annual salary for non-union employees.

The pension benefit is determined with reference to a salary-dependent and years of service-dependent table, to which additional pension benefit levels may be added from time to time. An additional pension benefit equal to 60% of the amount that exceeds the maximum salary provided for in the corresponding scale is granted after 40 years of service; the percentage rate is reduced by one for each year short of 40 years of service.

In the event of occupational disability and death, the years of service missed until completion of the 55<sup>th</sup> year of life are credited in full and the years of service missed between the 55<sup>th</sup> and 60<sup>th</sup> years of life are credited at the rate of one third.

The surviving spouse's pension is equal to 60% of the paid pension or the claim to a retirement pension at the time of death.

The orphan's pension is equal to 10% of the paid pension or the claim to a retirement pension at the time of death.

The orphan's pension is paid until completion of the 18<sup>th</sup> year of life, but not longer than until completion of the 25<sup>th</sup> year of life; all other pensions are paid for life.

Individual defined benefit pension plans exist for individual employees in the segment of Financial Services to Corporates and Retails.

In addition, the following defined benefit plans exist in the Group:

Former Interleasing employees (pertains to the segment of Financial Services to Corporates and Retails)

The commitment involves the payment of retirement benefits upon reaching the retirement age (65<sup>th</sup> year of life) and in cases of early disability and death. The time during which the pension beneficiary worked for the company without interruption after completing the 20<sup>th</sup> year of life and before completing the 65<sup>th</sup> year of life qualifies as the length of service. The retirement benefit consists of a base amount of DM 200 per month after 10 years of service and increases by DM 20 per month with each additional year of service. The total creditable length of service is limited to 30 years. Years in which the employee worked more than 6 months are counted for purposes of calculating the retirement benefit. The pension commitment involves a limitation of the retirement benefit as soon as it together with the social insurance pension benefit exceeds 75% of the last gross salary (the limitation also applies in the presence of a life insurance policy that exempts the employee from the obligation to pay social insurance contributions).

In the event of death of the pension beneficiary, the surviving spouse receives 60% of the retirement benefit to which the pension beneficiary would have been entitled at the time of his death.

Pension Plan 2000 (pertains to the segment of Asset Management)

Employee pensions (retirement pension, early retirement pension, disability pension) and survivors' pensions (spouse's pension, orphan's pension) are granted.

The retirement pension is granted upon completing the 65th year of life; an early retirement pension is granted upon completing the 60th year of life if and as long as a retirement pension is claimed under the statutory pension insurance system.

The company makes a pension contribution equal to 4% of eligible income for each full calendar year of eligible service.

The annual pension benefits are determined by means of converting the pension contribution actuarially into annual pension units, which are aggregated over the eligible period of service until the pension benefit becomes payable. Current pension benefits are increased by 1% every year.

Employees who opted not to join the Pension Plan 2000 are insured by one of the following pension plans:

- **Pension plan of HYPO-INVEST of August 17, 1993 (VOHI) / Pension plan of Allfonds Gesellschaft für Investmentanlagen mbH (VOAI):**

Employees of the former HYPO Capital Management Investmentgesellschaft mbH are granted pension benefits under the following terms and conditions:

The company grants all employees who join or joined the company after January 1, 1990 a retirement pension (after completing the 65th year of life), an early retirement pension, an occupational disability pension and a survivor's pension after a five-year vesting period, with legally binding effect on the company.

The amount of benefits depends on the eligible length of service after completing the 18th year of life (at the earliest from January 1, 1993), the income eligible for retirement benefits, the personal percentage and the annual increase amount.

Eligible years of service are considered for the purpose of calculating the amount of an early retirement pension only up to the date when early retirement is taken. The retirement benefit calculated in this way is reduced by 0.50% for each month when pension benefits are received before completion of the 65th year of life, and this applies for the duration of the retirement benefit.

In calculating the amount of pension benefits for occupational disability, the years of service missed until completion of the employee's 55th year of life are added to the eligible years of service worked until the employee became eligible for the disability pension.

The surviving spouse's pension is equal to 60% of the pension which the deceased pension beneficiary received or would have received if he had become disabled at the time of his passing.

- **Pension plan for individual contractual pension commitments (VOAM):**

A retirement pension or early retirement pension, disability pension, surviving spouse's pension or orphan's pension is granted when the corresponding benefit conditions are met and after the expiration of a five-year vesting period. Under this plan, the company makes a pension contribution

equal to 3% of pension-eligible income for each full calendar year of eligible service. This annual pension contribution is multiplied by the retirement rate corresponding to the age of life completed in the same calendar year, yielding the annual pension unit in every case. The sum of these pension units equals the pension benefit in the case of retirement at 65 or older and in the case of disability. In the case of early retirement, this sum is reduced by 0.5% for each month of early retirement before reaching the fixed retirement age of 65. The surviving spouse's pension is equal to 60%, the half-orphan's pension 12%, the full orphan's pension 20% of the reached sum of pension units.

Under the transitional arrangement, the employees coming from Hypo-Bank and Allfonds Management receive a basic unit for their earlier years of service in addition to the unit pension. This basic unit is increased in proportion to the personal development of pension-eligible income.

- **Pension plan for employees of Schweizerische Kreditanstalt (DEUTSCHLAND) AG (VOSK):**

Pension benefits are granted to employees of the former Schweizerische Kreditanstalt (Deutschland) AG under the following terms and conditions:

The company grants to all regular employees whose employment relationship was not terminated at the time when the pension plan entered into effect and who had not yet completed their 50th year of life at the time of joining the bank a retirement pension (after completion of the 65th year of life), an early retirement pension, an occupational disability pension, and a survivor's pension after the expiration of a ten-year vesting period.

The amount of benefits is determined on the basis of eligible years of services and pension benefit-eligible income. A pension equal to 0.20% of pension benefit-eligible income is granted as a pension entitlement for each eligible year of service completed after January 1, 1990. A pension equal to 1.20% of the amount of pension benefit-eligible income is additionally granted for each pension benefit-eligible year of service that exceeds the contribution assessment ceiling. A maximum total of 35 years of service is eligible for the pension amount. The increase amounts according to the earlier pension plans apply for years of service before January 1, 1990. The vested benefits earned at December 31, 1989 remain in effect in the percentage amount of pension benefit-eligible income.

For calculating the amount of an early retirement pension, only the eligible years of service up to the date of claiming the early retirement benefit are considered. The retirement pension so calculated is reduced by 0.50% of its value for each month when pension benefits are received before completion of the 65th year of life, and this applies for the duration of the retirement benefit. The total reduction may not exceed 20%.

In calculating the amount of pension benefits for occupational disability, the years of service missed until completion of the employee's 55th year of life are added to the eligible years of service worked until the employee became eligible for the disability pension.

The surviving spouse's pension is equal to 60% of the pension which the deceased pension beneficiary received or would have received if he had become disabled at the time of his passing.

- **Pension plan of Société Générale – Elsässische Bank & Co.**

Retirement benefits are granted for occupational disability according to the definition of the statutory pension insurance system or when the fixed retirement age (65th year of life) is reached. The employees receive a pension benefit equal to 0.40% of pension benefit-eligible income for each year of service worked and each full month worked up to the 65th year of life, plus 1.5% of the amount of pension benefit-eligible income that exceeds the contribution assessment limit under the statutory pension insurance system. However, no more than 40 years can be credited. The occupational disability pension is identical to the retirement pension entitlement achievable in the time remaining before the normal retirement date (supplementary period).

When the early retirement pension is claimed, a discount of 0.50% is deducted for each month when the early retirement pension is claimed, up to a maximum of 12%.

The surviving spouse's pension is equal to 60% of the deceased spouse's pension.

- **Special total compensation (TC) agreements**

For employees with special TC agreements, the vested claims to a company pension earned until the transition to a TC agreement are maintained.

Any basic unit under the pension plan for individual contractual pension commitments (VOAM) increases in proportion to the personal development of pension-eligible income.

Any initial unit under the Pension Plan '95/'98 (RP95/RP98) or RP 2000 increases until the employee's departure from the company in accordance with the wage increases in the highest collective wage group for private-sector bank employees.

The pension units earned in addition to any basic or initial unit until the time of switching from the VOAM, RP95/RP98 or RP 2000 to a TC agreement are also maintained.

When an early retirement pension is claimed, the vested pension benefit under the VOAM and RP 2000 is reduced by 0.5% for each started month when pension benefits are drawn before completion of the 65th year of life.

- **Deferred compensation**

Some persons have individual contractual agreements under which cash compensation is converted into company pension benefits:

For commitments under the RP 2000 model (insurance principle), the amount of the pension is determined by converting the annual pension contribution actuarially into annual increases of the vested pension benefit ("pension units"), which are aggregated over the time until the pension benefit becomes payable. The pension units are calculated by multiplying the annual pension contribution by the retirement rate applicable for the completed age in every case. When an early retirement pension

is claimed before the 65<sup>th</sup> year of life, the vested pension benefit achieved at the time of retirement is reduced by 0.5% for each started month when the early retirement pension is drawn before completion of the 65th year of life.

For commitments under the pension fund model (savings principle), the amount of pension benefits is determined by the interest-bearing accumulation of pension capital plus, plus surplus participation. The pension capital available when the pension is claimed is converted into a lifelong pension benefit by multiplying it by the retirement rate applicable for the age at the time of retirement.

## OTHER LONG-TERM EMPLOYEE BENEFITS

The other long-term benefits granted to employees of the Group comprise work time accounts and bonuses for many years of service. These are other employee benefits (other than post-employment benefits and termination benefits), which are payable in full within 12 months of the end of the reporting period in which the related service was provided.

The Company basically does not owe any other long-term employee benefits or the amounts in question are negligible. A bonus is only paid to employees for long periods of service. The Company basically does not owe any other long-term employee benefits or the amounts in question are negligible. A bonus is only paid to employees for long periods of service (0 employees at SGSS, 0 employees at ALD LF). At 12/31/2022, this bonus amounted to EUR 0.00 thousand at SGSS and EUR 0.00 thousand at ALD LF.

## RECONCILIATION OF ASSETS AND LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

<i>(In euro thousands)</i>	<b>12/31/2022</b>
A - Present value of funded obligations	15,755
B - Fair value of plan assets and special fund	(1,446)
<b>C = A - B Balance of funded plans</b>	<b>17,201</b>
D - Present value of unfunded obligations	-
E - Effects of asset ceiling	-
<b>C + D + E = Net balance recognized in the statement of financial position</b>	<b>17,201</b>

## COMPONENTS OF EXPENSES OF DEFINED BENEFIT PLANS

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Current service cost, including social security contributions	459
Employee contributions	-
Past service cost / curtailments	-
Plan settlements	-
Net interest	234
Transfer of not yet recognized assets	-
<b>A - Components recognized in the operating result</b>	<b>693</b>

Expected income from plan assets	(253)
Actuarial gains and losses resulting from changes in demographic assumptions	(1,340)
Actuarial gains and losses resulting from changes in economic and financial assumptions	-
Experience-based actuarial gains and losses	-
Effect of asset ceiling on plan assets	-
<b>B - Gains and losses recognized directly in equity</b>	<b>(1,593)</b>
<b>C= A + B Total components of expenses of defined benefit plans</b>	<b>(900)</b>

## CHANGES IN PRESENT VALUE OF OBLIGATIONS

<i>(In euro thousands)</i>	
<b>Balance at January 1, 2022</b>	<b>25,231</b>
Adjustment: IAS 8 - OCI*)	-
Current service cost for the year, including social security contributions	459
Employee contributions	-
Past service cost / curtailments	-
Plan settlements	-
Net interest	252
Actuarial gains and losses resulting from changes in demographic assumptions	(9,858)
Actuarial gains and losses resulting from changes in economic and financial assumptions	-
Experience-based actuarial gains and losses	-
Currency translation	-
Pension benefits paid	(329)
Change of consolidation group	-
Transfers and other	-
<b>Balance at 12/31/2022</b>	<b>15,756</b>

## CHANGES IN FAIR VALUE OF PLAN ASSETS AND THE SPECIAL FUND

<i>(In euro thousands)</i>	
<b>Balance at January 1, 2022</b>	<b>1,754</b>
Expected income from plan assets	18
Expected income from special fund	-
Actuarial gains and losses related to plan assets	(326)
Currency translation	-
Employee contributions	-
Employer contributions	-
Pension benefits paid	-
Change of consolidation group	-
Transfers and other	-
<b>Balance at 12/31/2022</b>	<b>1,446</b>

### Sensitivity analysis of the financial obligation

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Discount rate -0.5%:	-
Discount rate +0.5%:	-
Inflation rate +0.5%:	-
Salary increase +0.5%:	-

### Actual income from plan assets and the Special Fund:

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Plan assets	-
Special fund	-



## NOTE 9 – INCOME TAXES

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The profit transfer agreement of September 7, 2016 between Société Générale Effekten GmbH (subsidiary company) and Société Générale S.A. Frankfurt Branch (parent company) established a consolidated tax group for income tax purposes with Société Générale S.A. Frankfurt Branch with retroactive effect to January 1, 2016. Due to the formation of the consolidated tax group for income tax purposes, Société Générale Effekten GmbH does not recognize deferred taxes in its financial statements, with the exception of the gains and losses arising from the remeasurement of defined benefit plans, which are recognized directly in equity.

Tax assets include prepaid taxes to the tax authority against which the companies have refund claims.

## NOTE 10 – EQUITY

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The Group's equity amounted to EUR 121.4 million at December 31, 2022. It is composed of Subscribed capital in the amount of EUR 26 thousand (January 1, 2021: EUR 26 thousand) and SGE's profit carried forward, calculated in accordance with the provisions of German commercial law, in the amount of EUR 1.1 million. Other components of equity are the Group reserves arising from consolidation in the amount of EUR 34.1 million, the consolidated net profit of EUR 1.2 million, and unrealized or deferred capital gains and losses of EUR 43.8 million. Non-controlling interests amounted to EUR 41.2 million.

The Group reserves mainly consist of consolidation factors such as the elimination of consolidated equity investments and the corresponding equity components, and the transfer of the subsidiaries' net profits or losses. Because the carrying amounts of the equity investments, including hidden reserves, exceed the recognized equity of the transferred companies, the difference is deducted from the Group reserves in the IFRS consolidated financial statements. The carrying amounts of equity investments were tested for impairment in connection with the preparation of the separate financial statements of Société Générale Effekten GmbH for financial year 2022.

Changes in equity during the financial year are indicated in the consolidated statement of changes in equity.

The individual Group companies manage their capital requirements in dependence on the Group's parent company.

The subsidiary BDK manages its capital requirements in dependence on the regulatory capital regulations.

## NOTE 11 –DIVIDENDS PAID

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The non-controlling interests Beteiligungsgesellschaft des Kfz-Gewerbes mbH and Techno Versicherungsdienst GmbH hold interests in the Group's bank Deutsches Kraftfahrzeuggewerbe GmbH. In financial year 2022, profits of EUR 221 thousand were distributed to these shareholders for financial year 2021.

## NOTE 12 – ADDITIONAL DISCLOSURES

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### NOTE 12.1 – SEGMENT REPORT

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As described in the following, the Group has three reportable segments, which represent the Group's strategic business activities. The segments offer different products and services and are managed separately from each other. The business activities in each reportable segment of the Group are described in the table below.

Reportable segment	Business activity
Global Banking and Investor Solutions	The object of this operating segment is the issuance of options and certificates via the Group's parent company Société Générale Effekten GmbH. They are sold to counterparties that are all wholly-owned subsidiaries of the parent company Société Générale S.A., Paris, or the parent company itself.
Financial Services to Corporates and Retails	The segment comprises all activities conducted by a manufacturer-independent leasing company, including the provision of financing solutions and services for automobiles to car dealers and their customers. The product range covers all financing processes in the car dealership, such as sales financing and leasing, purchase financing and insurance. In addition, smart IT solutions such as web services and an internally developed POS system are offered to car dealers.

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Asset Management

This segment comprises the management of investment funds under so-called “master fund manager” models and the in-sourcing of fund administration from other asset management firms. Direct investments are administered as well. These services are mainly provided to European customers.

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(In euro thousands)

	Global Banking and Investor Solutions		Financial Services to Corporates and Retails		Asset Management		Group	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net banking income	(2,772)	(7,751)	181,047	168,608	19,450	26,454	197,725	187,311
Administrative expenses	136	207	(90,218)	(81,575)	(50,466)	(32,778)	(140,548)	(114,146)
<b>Gross operating result</b>	<b>(2,636)</b>	<b>(7,544)</b>	<b>90,829</b>	<b>87,033</b>	<b>(31,016)</b>	<b>(6,324)</b>	<b>57,177</b>	<b>73,165</b>
Risk expense	-	-	(9,507)	(2,805)	-	-	(9,507)	(2,805)
<b>Operating result</b>	<b>(2,636)</b>	<b>(7,544)</b>	<b>81,322</b>	<b>84,228</b>	<b>(31,016)</b>	<b>(6,324)</b>	<b>47,670</b>	<b>70,360</b>
Net gains or losses from other assets		-		-	(954)	(984)	(954)	(984)
<b>Impairment of goodwill</b>		-		-		-		-
<b>Profit/loss before taxes</b>	<b>(2,636)</b>	<b>(7,544)</b>	<b>81,322</b>	<b>84,228</b>	<b>(31,970)</b>	<b>(7,308)</b>	<b>46,716</b>	<b>69,376</b>
Income taxes		-		-		-		-
<b>Net profit/loss of all companies of the consolidation group</b>	<b>(2,636)</b>	<b>(7,544)</b>	<b>81,322</b>	<b>84,228</b>	<b>(31,970)</b>	<b>(7,308)</b>	<b>46,716</b>	<b>69,376</b>
Non-controlling interests		-	45,505	1,678		-	45,505	1,678
<b>Net profit/loss (Group's share)</b>	<b>(2,636)</b>	<b>(7,544)</b>	<b>35,817</b>	<b>82,550</b>	<b>(31,970)</b>	<b>(7,308)</b>	<b>1,211</b>	<b>67,698</b>
Assets	2,236,233	2,775,740	5,841,389	5,681,817	181,406	154,663	8,259,028	8,612,220
Liabilities	2,732,286	3,268,661	5,355,629	5,239,699	52,185	83,903	8,137,600	8,592,263

Differences in the assets and liabilities compared to the items presented in the individual companies' balance sheets representing the segments result from consolidation adjustments.

## Global Banking and Investor Solutions - Details by market

	31.12.2022												
(In euro thousands)	Belgium	Switzerland	German	Denmark	Spain	Finland	France	Netherlands	Norway	Portugal	Sweden	Other	Total
Net banking income	686,490	46,504	8,455,299	2,263,940	2,255,128	3,800,807	(40,603,073)	5,376,249	1,633,669	1,322,813	10,898,290	3,861,114	(2,772)
Overhead expenses	-	(327)	9	-	-	-	(482)	-	-	-	936	-	136
Gross operating result	686,490	46,177	8,455,308	2,263,940	2,255,128	3,800,807	(40,603,555)	5,376,249	1,633,669	1,322,813	10,899,225	3,861,114	(2,636)
Net risk expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating income	686,490	46,177	8,455,308	2,263,940	2,255,128	3,800,807	(40,603,555)	5,376,249	1,633,669	1,322,813	10,899,225	3,861,114	(2,636)
Net gains on other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss before taxes	686,490	46,177	8,455,308	2,263,940	2,255,128	3,800,807	(40,603,555)	5,376,249	1,633,669	1,322,813	10,899,225	3,861,114	(2,636)
Current income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/loss of all sub-group companies	686,490	46,177	8,455,308	2,263,940	2,255,128	3,800,807	(40,603,555)	5,376,249	1,633,669	1,322,813	10,899,225	3,861,114	(2,636)
Current non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/loss (Group's share)	686,490	46,177	8,455,308	2,263,940	2,255,128	3,800,807	(40,603,555)	5,376,249	1,633,669	1,322,813	10,899,225	3,861,114	(2,636)
Assets	3,522	18,066	1,158,519	12,005	130,866	45,347	264,758	46,288	86,268	36	242,669	227,888	2,236,233
Liabilities	5,504	23,707	1,626,416	8,880	182,114	48,281	266,658	55,293	61,329	67	193,592	260,447	2,732,286

## NOTE 12.2 – OTHER ADMINISTRATIVE EXPENSES

<i>(In euro thousands)</i>	<b>2022</b>	<b>2021</b>
Rents	(1,537)	(1,267)
Taxes	(38)	(249)
IT & telecom	(16,880)	(14,585)
Consulting	(8,904)	(6,479)
Other	(17,341)	(18,340)
<b>Total</b>	<b>(44,700)</b>	<b>(40,920)</b>

## NOTE 12.3 - PROVISIONS

The provisions recognized in the statement of financial position at December 31, 2022 mainly include provisions for employee benefits and provisions for risks. Accordingly, the potential outflows for these issues are short-term in nature (within 12 months). Liabilities for employee benefits are characterized by uncertainty due to the settlement date.

Breakdown of the main provisions at the reporting date:

<i>(In euro thousands)</i>	<b>Provisions at 12/31/2021</b>	<b>Additions</b>	<b>Available reversals of impairments</b>	<b>Net additions</b>	<b>Recognized reversals of impairments</b>	<b>Other changes</b>	<b>Provisions at 12/31/2022</b>
Provisions for credit risk of off-balance sheet commitments (see Note 4.8)	1,361	-	(136)	(136)	-	-	<b>1,225</b>
Provisions for employee benefits (see Note 8)	34,339	6,837	(421)	6,416	(7,695)	(8,616)	<b>24,444</b>
Other provisions	63,066	1,161	(205)	956	(131)	-	<b>63,891</b>
<b>Total</b>	<b>98,766</b>	<b>7,998</b>	<b>(762)</b>	<b>7,236</b>	<b>(7,826)</b>	<b>(8,616)</b>	<b>89,560</b>

Within the risk management process, the risk inventory is updated at least once a year. It comprises all relevant risk categories that are important for BDK / ALD LF.

Provisions are recognized for some of these risks (credit risk, residual value risk, operational risk) and all these risk categories are backed by capital in the risk-bearing capacity calculation, as a rule.

The discontinuation of all the business operations of SGSS as of the intended date of 12/31/2023 was decided by resolution of the Supervisory Board dated 11/14/2022 and by resolution of the shareholder on the same date. After that, the company will be continued only on an administrative basis. The operating divisions have been or will be terminated.

The current income and expenses of SGSS in financial year 2022 were classified completely as operating income and expenses. Non-recurring expenses from discontinued operations of EUR 22.2 million were

incurred in financial year 2022 in the context of the resolution on the discontinuation of operating activities and the accompanying valuation changes resulting from the abandonment of the going-concern assumption.

## NOTE 12.4 – LEASES

The Group exercises the role of lessor through its subsidiary ALD Lease Finanz GmbH, Hamburg. This company was founded as a manufacturer-independent leasing company specializing in leases for motor vehicles. Together with cooperation partners, particularly including the subsidiary Bank Deutsches Kraftfahrzeuggewerbe GmbH (BDK), financial solutions and services related to automobiles are offered. The product range encompasses the car dealership financing processes: sales financing and leasing, purchase financing and insurance, which increase the dealership's retention of customers and thus enhance their income prospects.

### LEASE RELATIONSHIPS AS LESSOR

#### OPERATING LEASES

#### FUTURE MINIMUM LEASE PAYMENTS UNDER OPERATING LEASES

<i>(In euro thousands)</i>	<b>12/31/2022</b>	<b>12/31/2021</b>
Breakdown of total minimum lease payments to be received	-	-
<i>Due in less than one year</i>	262,533	275,185
<i>Due in one to five years</i>	221,346	320,102
<i>Due in more than 5 years</i>	0	0
<b>Total future minimum lease payments to be received</b>	<b>483,879</b>	<b>595,287</b>

#### AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Expenses and income as well as realized gains and losses from leased objects are recognized in Income and expenses from Other activities.

The income and expenses recognized in profit or loss for the period ended December 31, 2022 are presented in the table below:

<i>(In euro thousands)</i>	<b>12/31/2022</b>		
	Income	Expenses	Net
Equipment leasing	<b>395,731</b>	<b>(343,050)</b>	<b>52,681</b>

## DETAILS OF LEASE EXPENSES AND INCOME FROM SUB-LEASING

(In euro thousands)

	<b>12/31/2022</b>			
	<b>Real estate</b>	<b>Computer equipment</b>	<b>Other</b>	<b>Total</b>
<b>Leasing</b>	<b>(3,351)</b>	<b>(1,145)</b>	<b>(837)</b>	<b>(5,333)</b>
Interest expenses on lease liabilities	(329)	-	-	(329)
Depreciation of right-of-use assets	(3,022)	-	(829)	(3,851)
Expenses for short-term leases	-	-	(8)	(8)
Expenses for leases for low-value assets	-	(1,145)	-	(1,145)
Expenses for variable lease payments	-	-	-	-
<b>Sub-leasing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Income from sub-leasing of right-of-use assets	-	-	-	-

## FINANCE LEASES

(In euro thousands)

	<b>12/31/2022</b>
<b>Gross investments</b>	<b>500,016</b>
Due in less than one year	174,419
Due in one to five years	325,597
Due in more than 5 years	-
	<b>472,607</b>
<b>Present value of minimum lease payments</b>	
Due in less than one year	164,858
Due in one to five years	307,749
Due in more than 5 years	-
<b>Not yet realized financial income</b>	<b>27,409</b>
<b>Non-guaranteed residual values in favor of the lessor</b>	<b>-</b>
Accumulated loss allowances for uncollectable outstanding rent payments	n/a

## LEASE RELATIONSHIPS AS LESSEE

The Group leases buildings, office and archive space, motor vehicles and software under operating leases. The leases normally have a term of 4 years and feature a lease renewal option at the end of the term. Lease payments are renegotiated every 3 years to reflect market rates. Leases related to buildings generally have longer terms and include renewal options. Some leases also stipulate additional lease payments based on changes in regional price indices. Under certain operating leases, the Group is prohibited from sub-letting.



## FUTURE MINIMUM LEASE PAYMENTS UNDER SHORT-TERM AND LOW-VALUE LEASES

At December 31, 2022, the following minimum lease payments will be owed under uncancellable leases in the future.

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Breakdown of total minimum payments to be paid	-
Due in less than one year	262,533
Due in one to five years	221,346
Due in more than 5 years	-
<b>Total minimum lease payments to be paid</b>	<b>483,879</b>

## AMOUNTS RECOGNIZED IN PROFIT OR LOSS

Expenses and income and realized gains and losses under leases are recognized as Income and expenses from other activities.

The income and expenses recognized in profit or loss at December 31, 2022 are presented in the table below:

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Lease expenses	343,051
Expenses for contingent lease payments	-
Income from sub-leases	-

## NOTE 12.5 – TRANSACTIONS IN FOREIGN CURRENCIES

The assets and liabilities from transactions in foreign currencies are presented in the table below:

<i>(In euro thousands)</i>	<b>12/31/2022</b>	
	<b>Assets</b>	<b>Liabilities</b>
SEK	573,826	573,826
GBP	43,400	43,400
USD	109,621	109,621
CHF	98,989	98,989
NOK	62,913	62,913
AUD	3,689	3,689
Other currencies	15,057	15,057
<b>Total</b>	<b>907,496</b>	<b>907,496</b>

At the reporting date, all assets and liabilities from transactions in foreign currencies are presented within the item of Financial assets and liabilities measured at fair value through profit or loss.

## NOTE 12.6 – AUDIT FEE

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The fee for the auditor of the consolidated financial statements that was recognized as an expense in financial year 2022, including the companies included in the consolidated financial statements, breaks down as follows:

- for financial statement audit services: EUR 701 thousand
- for other certification services: EUR 64 thousand
- for tax advice services: EUR -
- for other services: EUR 17 thousand

The other certification services pertain to expenses for ISAE 3402 reports.

The other services pertain to expenses for two agreed investigative actions in relation to cooperation agreements in sales financing and leasing, excerpts from the audit report related to the Supervisory Requirements for IT in German Asset Managers [Kapitalverwaltungsaufsichtliche Anforderungen an die IT, KAIT], and expenses related to the ESMA Liquidity Stress Testing Guidelines of the ESMA [European Securities and Markets Authority].

## NOTE 12.7 – OTHER FINANCIAL COMMITMENTS

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In addition to the liabilities presented in the statement of financial position, the Group also has off-balance sheet, other financial commitments under certificate transactions, irrevocable loan commitments, and service agreements. The due dates are presented in the table below:

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Due in up to one year	60,184
Due in more than one and up to five years	17,283
Due in more than five years	162,066
<b>Total</b>	<b>239,533</b>

## NOTE 13 – DISCLOSURES CONCERNING SIGNIFICANT RISKS

For information on the general organization of risk management, please refer to the comments in the Group management report at December 31, 2022.

### COUNTERPARTY DEFAULT RISKS

Overview of counterparty default risks by item of the statement of financial position, based on carrying amounts:

<i>(In euro thousands)</i>	<b>12/31/2022</b>
Financial assets measured at fair value through profit or loss	2,396,965
Hedging derivatives	55,040
Loans to and receivables from banks	197,997
Loans to and receivables from customers	4,441,239
Tax assets	200
Receivables under finance leases	462,808
Other assets	239,571
<b>Total</b>	<b>7,793,820</b>

In addition, there are irrevocable loan commitments to customers with a nominal volume of EUR 214,800 thousand.

Significant counterparty default risks exist only in the segment of Financial Services to Corporates and Retails.

In estimating the regulatory capital requirements for calculating Risk-Weighted Assets (RWAs) and Expected Loss (EL), i.e. the loss that could arise in consideration of the quality of the transaction, the solidity of the counterparty, and all measures taken to mitigate the risk, the RWA weightings are assigned on the basis of customer categories.

The credit value at risk with a confidence level of 99.90% at December 31, 2022 is presented in the table below:

<i>(In euro millions)</i>	EAD	<b>Sales Financing</b>		Credit Value at Risk
		Expected loss	Unexpected loss	
Individual customers	3.177	8	16	24
Commercial customers	713	7	17	25
<b>Total portfolio</b>	<b>3,890</b>	<b>16</b>	<b>33</b>	<b>49</b>

(In euro millions)	<b>Dealer Financing</b>			
	EAD	Expected loss	Unexpected loss	Credit Value at Risk
Without manufacturer guarantee	609	7	27	34
With manufacturer guarantee	-	-	-	-
<b>Total portfolio</b>	<b>609</b>	<b>7</b>	<b>27</b>	<b>34</b>

(In euro millions)	<b>Leasing</b>			
	EAD	Expected loss	Unexpected loss	Credit Value at Risk
Individual customers	271	2	7	10
Commercial customers	646	5	18	23
<b>Total portfolio</b>	<b>917</b>	<b>7</b>	<b>25</b>	<b>33</b>

The Group's portfolio in the area of sales financing is divided among individual and commercial customers. Commercial customers include small business owners and self-employed persons. Due to the broad diversification, we have relatively few individual risks in this area. Around 67% of our loan agreements are for up to EUR 25,000.

The dealer financing portfolio comprises 926 dealerships with granted credit lines totaling EUR 1,096 million, of which about 48% are up to EUR 1 million. The drawn-down part of these credit lines amounted to EUR 609 million at December 31, 2022.

## MARKET PRICE RISKS

All the market price risks of issued warrants and certificates are hedged by hedging transactions with Société Générale S.A., Paris. Therefore, there are no price risks, currency risks or interest rate risks.

The market price risks of the Group's leasing business mainly include the residual value risks assumed by the Group. Residual value risks were assumed for 48% of new leases in the 2022 financial year (PY: 55%).

If residual value risks are assumed, the lease is basically an operating lease and no financial instrument is recognized in such cases. If the residual value risk is secured (usually by means of guaranties or repurchase agreements with dealers), the corresponding lease is classified as a finance lease and therefore a financial instrument is recognized. However, the financial instrument itself is not subject to any market price risk, but only potential counterparty default risks under guaranties.

## LIQUIDITY RISK

The Group funds its operations mainly through companies of the higher-ranking group. The principles and rules for managing liquidity risk are established at the level of the relevant departments of Société Générale S.A., Paris.

At December 31, 2022, SG Effekten had a credit line with Société Générale S.A. Frankfurt Branch in the amount of EUR 10 million, which was not drawn down, as well as credit lines in the Financial Services to Corporates and Retails segment in the amount of EUR 7,557 million, of which EUR 2,470 million had not been drawn down.

At December 31, 2022, BDK had a credit line agreed with the SG Group in the total amount of EUR 4,180 million, of which 51% had been drawn down. Another EUR 1,857 million was financed by the securitization of car loan receivables in the form of asset-backed securities.

ALD LF had a credit line totaling EUR 1,520 million with the SG Group, of which EUR 1,083million or 71% had been drawn down at December 31, 2022.

The risk of an unexpected increase in funding costs within the Group that would entail liquidity fees in addition to the market rates of interest is simulated on the basis of a scenario involving a shift in the overnight funds rate of +/-168 basis points and backed by capital in the risk-bearing capacity calculation.

The primary goal of liquidity risk management is to procure funding for the Company's activities at optimal costs, with well diversified liquidity risk and in compliance with legal requirements. The liquidity management system makes it possible to create a target structure consisting of assets and liabilities for the statement of financial position that conforms to the risk appetite defined by the Board of Directors.

- The structure of assets must enable the operating segments to develop their activity in a liquidity-conserving way and in conformance with the structure of the target value of liabilities. This development must be pursued in conformance with the liquidity bottlenecks specified within the Group (in a static or stress scenario) and the regulatory requirements.
- The structure of liabilities depends on the ability of the operating segments to borrow funds from banks and customers and the Group's ability to permanently borrow funds in the markets in accordance with its risk appetite. The control system relies on measuring and limiting the liquidity bottlenecks of the operating segments in reference scenarios or in stress situations, their financing needs within the Group, the financing borrowed by the Group in the market, the available suitable assets, and the contribution of the operating segments to the regulatory indicators.
- In conducting their activities, the operating segments must heed static bottlenecks in the event of lacking or low liquidity by turning to the parent company's central Treasury Department. Where appropriate, the Treasury Department can maintain a conversion or counter-conversion position, which it must monitor, manage and control within the scope of the risk limits imposed on it.

- The internal liquidity stress tests conducted on the basis of systemic, specific or combined scenarios are supported at the level of the parent company. They are used to ensure that the time horizon established by the Board of Directors for the company's continuation as a going concern is met and to calibrate the amount of the liquidity reserve. They are supported by a Contingency Funding Plan, which defines the measures to be taken in the event of a liquidity crisis.
- The financing requirements of the operating segments (short-term and long-term) are limited in accordance with the business development objectives and in accordance with the capacities and objectives for the Group's borrowing of funds.
- A long-term funding plan is prepared to cover future redemptions and fund the growth of the operating segments.
- The Group's short-term funds are scaled in such a way as to fund the short-term needs of the operating segments over the time horizons commensurate with asset management and in line with the requirements applicable to the business. As mentioned above, they are scaled on the assets side according to the liquidity reserve and in accordance with the specified survival horizons under stress conditions and the target set for the regulatory liquidity ratios (LCR/NSFR).
- Finally, liquidity costs are limited by the internal funding scale. The funds allocated to the operating segments are charged to them on the basis of scales that reflect the Group's liquidity costs. The goal of this system is to optimize the use of external funding sources by the operating segments. It serves to control the equilibrium of financing in the statement of financial position.

According to the assessment of the individual Group companies and the Société Générale Effekten GmbH Group, the Group is currently not exposed to any discernible liquidity risks.

The maturities of the Group's receivables and liabilities at December 31, 2022 are presented in the table below:

#### Receivables:

<i>(In euro thousands)</i>	Up to 3 months	3 months to one year	1 to 5 years	More than 5 years	Indefinite term	12/31/2022
Financial assets measured at fair value through profit or loss	313,587	712,606	522,383	848,389	1	2,396,965
Hedging derivatives	55,040	-	-	-	-	55,040
Receivables from banks at amortized cost	180,884	11,786	5,327		-	197,997
Loans to and receivables from customers at amortized cost	742,838	1,216,854	2,421,542	60,005	-	4,441,239
Receivables under finance leases	41,028	121,571	302,954	(2,745)	-	462,808
Other assets	216,955	257,127	215,692	15,205	-	704,979
<b>Total receivables</b>	<b>1,550,332</b>	<b>2,319,944</b>	<b>3,467,898</b>	<b>920,854</b>	<b>1</b>	<b>8,259,028</b>

**Liabilities:**

	Up to 3 months	3 months to one year	1 to 5 years	More than 5 years	Indefinite term	12/31/2022
<i>(In euro thousands)</i>						
Financial liabilities measured at fair value through profit or loss	304,116	697,659	479,008	833,034	-	2,313,817
Hedging derivatives	-	-	-	-	-	-
Securitized liabilities	206,637	632,972	1,019,940	-	-	1,859,549
Liabilities to banks	753,241	687,150	2,039,908	203,612	-	3,683,911
Liabilities to customers	68	-	-	-	-	68
Other liabilities	78,440	120,547	68,468	12,800	-	280,255
<b>Total liabilities</b>	<b>1,342,502</b>	<b>2,138,328</b>	<b>3,607,324</b>	<b>1,049,446</b>	<b>-</b>	<b>8,137,600</b>

**RISKS FROM LEGAL DISPUTES**

Société Générale Securities Services GmbH has adequately provided for an ongoing case in the form of a guarantee by Société Générale S. A., Frankfurt Branch. Société Générale Securities Services GmbH and Société Générale Effekten GmbH are not economically burdened by this case. Therefore, Société Générale Securities Services GmbH has netted the uncertain liability in the amount of EUR 60 million with the guarantee, which is for a total amount of EUR 110 million. Therefore, the risks of these legal disputes are adequately covered.

**NOTE 14 – DEALINGS WITH RELATED ENTITIES AND PERSONS**

Both natural persons and entities which the Group controls or has significant influence over and persons and companies which control the Group itself or have significant influence over it are deemed to be related parties within the meaning of IAS 24.

The related parties of the Group include:

- Persons in key positions and their close family members;
- The higher-ranking parent company Société Générale and companies of the same corporate group;
- Companies of the same corporate group as Société Générale Effekten GmbH (subsidiaries).

## BUSINESS DEALINGS WITH RELATED PERSONS IN KEY POSITIONS

The managing directors are regarded as members of the company in key positions of SG Effekten GmbH. As of December 31, 2022, the managing directors received compensation totaling EUR 16.2 thousand as short-term benefits for the previous year.

The current managing directors Mr. Helmut Höfer and Ms. Nurten Spitzer-Erdogan are employees of Société Générale S.A., Frankfurt am Main branch (parent company of Société Générale Effekten GmbH). Ms. Françoise Esnouf entered retirement and was relieved of her position as Managing Director of Société Générale Effekten GmbH with effect as of March 31, 2022.

## BUSINESS DEALINGS WITH SUBSIDIARIES

There were no dealings with subsidiaries in 2022 except for the settlement of the liability amounting to EUR 29,268 thousand by Société Générale Effekten GmbH to Société Générale Securities Services GmbH and the payment of the receivable in the amount of EUR 59,447 thousand in connection with the profit transfer agreement for the year 2021.

## BUSINESS DEALINGS WITH COMPANIES OF THE SAME CORPORATE GROUP

The parent company Société Générale Effekten GmbH is a wholly-owned subsidiary of Société Générale Frankfurt, a branch of Société Générale S.A. Paris. For this reason, it is fully consolidated in the higher-ranking consolidated financial statements. The business object of the company is the issuance of options and certificates, all of which are sold in full by the parent company Société Générale S.A., Paris, and by Group companies. All counterparties are wholly-owned subsidiaries of Société Générale S.A., Paris, or the parent company itself. The Company conducts hedging transactions with Société Générale S.A., Paris, in relation to the issued warrants and certificates.

A list of the subsidiaries of Société Générale Effekten GmbH is presented in the description of the consolidation group (see in Note 2).

### Transactions with companies of the same corporate group:

<i>(In euro thousands)</i>	Existing balances at <b>12/31/2022</b>	Existing balances at <b>12/31/2021</b>
Assets	3,290,864	3,740,462
Liabilities*	4,766,496	3,908,786
Expenses	(40,499,349)	(48,539,525)
Income	40,117,031	47,849,745

\* Placements with third parties are subtracted from the amounts of liabilities.



## NOTE 15 – TRUST BUSINESS

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In addition to the transactions presented in the statement of financial position, the Group operates under a trust agreement with the sole shareholder Société Générale S.A., Paris. As part of this trust activity, Société Générale Effekten GmbH handles the issuance of debt instruments in its own name and for account of Société Générale S.A., Paris. The certificates issued under trust transactions are offset by hedging transactions of the same amount. These transactions are not recognized in the statement of financial position because the Company has no control over them. At the reporting date, trust transactions measured at fair value amounted to EUR 344,781 thousand.

## NOTE 16 – COMPENSATION OF THE MANAGEMENT

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Société Générale S.A. Frankfurt Branch received EUR 600 per month for the work of each managing director. Thus, the total compensation amounted to EUR 16,200 in the 2022 financial year.

## NOTE 17 – SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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No further events that would have potentially impacted the future financial position, cash flows and financial performance of the Company have occurred since the reporting date.

Frankfurt am Main, April 27, 2023

The Management

Société Générale Effekten GmbH

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Helmut Höfer

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Nurten Spitzer-Erdogan

## **Responsibility Statement of the Legal Representatives**

We warrant to the best of our knowledge that the consolidated financial statements give a true and fair view of the Group's financial position, cash flows and financial performance in accordance with applicable accounting principles, and that the Group management report provides an appropriate view of the Group's business performance, including its results and position, and appropriately presents the principal opportunities and risks of the Group's anticipated future development.

Frankfurt am Main, April 27, 2023

The Management

Société Générale Effekten GmbH

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Helmut Höfer

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Nurten Spitzer-Erdogan

## **AUDITOR'S REPORT BY THE INDEPENDENT AUDITOR**

To Société Générale Effekten GmbH, Frankfurt am Main

### ***REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT***

#### **Audit opinions**

We have audited the consolidated financial statements of Société Générale Effekten GmbH, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting methods. In addition, we have audited the Group management report of Société Générale Effekten GmbH, Frankfurt am Main, for the financial year from January 1 to December 31, 2022. In accordance with the German legal regulations, we did not audit the content of the non-financial Group statement of Société Générale S.A., Paris, France, to which reference is made in Section E. of the Group Management Report, or the Responsibility Statement of the Legal Representatives on the consolidated financial statements and the Group management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB.

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying consolidated financial statements comply with IFRS, as they are to be applied in the EU, and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB in all material respects, and give a true and fair view of the financial position and cash flows of the Group as at December 31, 2022 and its financial performance for the financial year from January 1 to December 31, 2022 in accordance with these requirements, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group management report does not extend to the content of the non-financial Group statement of Société Générale S.A., Paris, France, to which reference is made in Section E. of the Group management report, or the Responsibility Statement of the Legal Representatives on the consolidated financial statements and the Group management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the Group management report.

#### **Basis for the audit opinions**

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and the EU Financial Statements Audit Regulation (EU-APrVO - No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and

principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and the Group management report” section of our auditor’s report. We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) letter f) of the EU Audit Regulation that we have not provided any prohibited non-auditing services according to Article 5 (1) EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and the Group management report.

### **Key audit matters in the audit of the consolidated financial statements**

We determined that there are no key audit matters to be communicated in our auditor’s report.

### **Other information**

The legal representatives are responsible for the Other information. The Other information comprises:

- The reference to the exempting non-financial Group statement of Société Générale S.A., Paris/France pursuant to Section 315b (2) HGB included in Section E. of the Group management report, and
- The Responsibility Statement of the Legal Representatives pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, respectively on the consolidated financial statements and the Group management report.
- But not the consolidated financial statements, not the statements in the Group management report that were audited for content, and not our corresponding auditor’s report.

Our opinions on the consolidated financial statements and the Group management report do not cover the Other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned Other information and, in so doing, to consider whether the Other information

- is materially inconsistent with the consolidated financial statements, the statements made in the Group management report, which we audited for content, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### **Responsibility of the legal representatives and the Audit Committee for the consolidated financial statements and the Group management report**

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRSs as they are to be applied in the EU and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB, and that the consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group in compliance with these requirements. In addition, the legal representatives are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraudulent acts (i.e., manipulation of accounting records and misappropriation of assets) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or discontinue business operations or if there is no realistic alternative to that.

Furthermore, the legal representatives are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient suitable evidence for the assertions in the Group management report.

The Audit Committee is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and Group management report.

#### **Auditor's responsibilities for the audit of the consolidated financial statements and Group management report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraudulent acts or errors, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent acts or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatements in the consolidated financial statements and Group management report, whether due to fraudulent acts or errors, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than the risk of not detecting material misstatements resulting from errors, as fraudulent acts may involve collusion, forgeries, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtain an understanding of the internal control system relevant to the audit of the consolidated financial statements and arrangements and measures relevant to the audit of the Group management report in order to plan audit procedures that are appropriate in the present

circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group in compliance with IFRS, as they are to be applied in the EU, and additionally the applicable German legal requirements pursuant to Section 315e (1) HGB.
- Obtain sufficient, suitable audit evidence for the accounting information of the companies or business activities within the Group in order to form audit opinions on the consolidated financial statements and the Group management report. We are responsible for directing, supervising and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the actions taken or safeguards adopted to eliminate threats to our independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for disclosure purposes in accordance with Section 317 (3a) HGB**

#### **Audit opinion**

In accordance with Section 317 (3a) HGB, we conducted an audit with reasonable assurance to determine whether the reproductions of the consolidated financial statements and the Group management report contained in the file, which bears the SHA-256 Number b9b5d473a113c34d3acb76eedc9b074acb154d8d9f0bde6736c12f51f14160e4, and prepared for disclosure purposes (also referred to hereinafter as the “ESEF Documents”) meet the requirements of Section 328 (1) HGB for the European Single Electronic Format (“ESEF Format”) in all material respects. In accordance with the German statutory regulations, this audit only covers the transposition of the information contained in the consolidated financial statements and the Group management report into the ESEF Format and it therefore does not cover the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned file and prepared for disclosure purposes meet the requirements of Section 328 (1) HGB for the European Single Electronic Format in all material respects. Beyond this audit opinion and our audit opinions on the attached consolidated financial statements and the attached Group management report for the financial year from January 1 to December 31, 2022 contained in the foregoing “Report on the audit of the consolidated financial statements and the Group management report,” we provide no audit opinion on the information contained in these reproductions or the other information contained in the above-mentioned file.

#### **Basis for the audit opinion**

We conducted our audit of the reproductions of the consolidated financial statements and the Group management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and in compliance with the IDW Auditing Standard: Audit of the electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 (3a) HGB (IDW PS 410 (06/2022)). Our responsibility for this audit is described further in the section entitled “Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF Documents.” Our audit practice observed the requirements for the quality assurance system set out in the IDW Quality Assurance Standard: Requirements for quality assurance in audit practice (IDW QS 1).

#### **Responsibility of the legal representatives and the Audit Committee for the ESEF documents**

The legal representatives of the Company are responsible for the preparation of the ESEF Documents with the electronic reproductions of the consolidated financial statements and the Group management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the mark-up of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

The legal representatives of the Company are also responsible for such internal controls as they have determined necessary to enable the preparation of ESEF Documents that are free from violations,

whether due to intent or error, of the requirements of Section 328 (1) HGB for the European Single Electronic Format.

The Audit Committee is responsible for overseeing the process for the preparation of the ESEF Documents as part of the financial reporting process.

### **Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from violations, whether due to intent or error, of the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material violations, whether due to intent or error, of the requirements of Section 328 (1) HGB, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of the internal controls relevant to the audit of the ESEF Documents in order to plan audit procedures that are appropriate in the present circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Assess the technical validity of the ESEF Documents, i.e. whether the file containing the ESEF Documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in effect at the reporting date for the technical specifications for this file.
- Assess whether the ESEF Documents enable a content-identical XHTML reproduction of the audited consolidated financial statements and the audited Group management report.
- Assess whether the mark-up of the ESEF Documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version in effect at the reporting date enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

### **Further information pursuant to Article 10 of the EU Audit Regulation**

We were elected as the auditor by the annual general meeting on July 1, 2022. We were engaged by the Management on November 29, 2022. We have been the auditor of the consolidated financial statements of Société Générale Effekten GmbH, Frankfurt am Main, continually since financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### ***OTHER ISSUE — USE OF THE AUDITOR'S REPORT***

Our auditor's report must always be read in conjunction with the audited consolidated financial statements and the audited Group management report, as well as the audited ESEF Documents. The consolidated financial statements and the Group management report transposed into the ESEF format — including the versions to be filed with the Register of Companies — are merely electronic reproductions of the audited consolidated financial statements and the audited Group management report and do not replace them. In particular, the ESEF Report and our audit opinion included therein may only be used in conjunction with the audited ESEF Documents provided in electronic form.



***GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT***

The German Public Auditor responsible for the engagement is Martina Mietzner.

Frankfurt am Main, April 27, 2023

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

(Martina Mietzner)  
Wirtschaftsprüferin  
[German Public Auditor]

(Jutta Ihringer)  
Wirtschaftsprüferin  
[German Public Auditor]