Société Générale Effekten GmbH
Frankfurt am Main

Group Management Report for the financial half-year from January 1 to June 30, 2021

A. Basic information about the Group

I. Preliminary remarks

Société Générale Effekten GmbH (SGE/the Company), Frankfurt am Main, acquired the interests in 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 June 30, 2021.

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 wholly owned subsidiary of Société Générale S.A. Frankfurt, which is a branch of Société Générale S.A., Paris. The purpose of the Company is to issue warrants and certificates that are sold in their entirety via the parent company Société Générale S.A., Paris, and via Group companies. All counterparties are 100% subsidiaries of Société Générale S.A., Paris, or the parent company itself. Another area in which the Company is active is the acquisition and holding and management of equity investments.

<u>Integration</u>

On November 8, 2018, the Société Générale Group signed an agreement in which Société Générale undertook to acquire Commerzbank's Equity Markets & Commodities business (EMC). To this end, SGE was selected as the "Target Issuer" for the "Flow Business" segment.

The integration of Flow products into the books of SGE took place on March 28/29, 2020. In total, approx. 57,000 products in the portfolio with a notional volume of around EUR 33 billion were acquired. Existing accounting processes were left untouched by the integration.

SGE assumed all rights and obligations of Commerzbank as the issuer of the transferred securities as of March 30, 2020.

Société Générale S.A., Paris, assumed the function of calculation agent for these securities, which had been exercised by Commerzbank up to the effective date of the transaction. In addition, Société Générale S.A., Paris, issued an unconditional and irrevocable parent company guarantee in favor of the respective holders of the transferred securities in relation to the fulfillment of all payment obligations of SGE (including all delivery obligations), resulting from the transferred securities in question (the “parent company guarantee”).

The parent company guarantee can be found at:

https://prospectus.socgen.com/program_search/guarantee-2-mar-20

The integration necessitated an extension of the listing to various other European markets:

Due to the introduction of the “European passport” and the fact that the responsible supervisory authority (BaFin) only has to approve the securities prospectus once, the Company can list its products on various stock exchanges in the European Union (stock exchanges in Madrid, Milan, Paris, Luxembourg, London, Stockholm, Helsinki, Lisbon, Amsterdam, and others). In the event of a listing on a stock exchange in a country that is not a member of the European Union, approval is obtained from the corresponding supervisory authority of the respective country.

A listing of the Company’s issues in a regulated market within the meaning of the EU Prospectus Directive was obtained in connection with the acquisition of a part of the EMC Division from Commerzbank in March 2020.

The Company still intends to obtain listings in unregulated stock exchange sections such as over-the-counter trading on stock exchanges in Germany.

Following the acquisition by the aforementioned counterparties, Société Générale S.A., Paris, places offerings with the ultimate buyers in a second step in such a manner that it does not have an impact on the economic situation of the issuer.

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

Together with cooperation partners, in particular 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 all financial products in the dealership: sales financing and leasing, purchase financing and insurance, which increase the loyalty of dealership customers and thus increase income opportunities. As a subsidiary of ALD LF, BDK also works with several manufacturers and importers, assuming a portion of the captive business up to and including the full range of services of a manufacturer bank.

The Company generates additional benefits for dealers with its digital services and the new used car platform JuhuAuto. In this way, ALD LF helps dealers adapt to the requirements of digital sales processes by enabling them to generate their own effective leads from the dealers’ websites or to have such leads routed to them directly. A key focus of these digital products is to procure additional financing business, along with the attendant higher income opportunities.

All essential sales and processing functions are performed by employees of BDK within the scope of a management services agreement. Therefore, the cooperation partners and customers receive the service for all products from one source.

SGSS is an asset management company as defined under sections 17 and 18 of the Investment Code (Kapitalanlagegesetzbuch, KAGB). The business model of SGSS involves the management of investment funds in connection with the so-called Master AMC Model, as well as the insourcing of fund management from other asset management companies. Direct investments continue to be managed. These services are provided primarily to European customers.

III. Branches

BDK maintains a branch office in Stuttgart at which lending decisions and loan processing are carried out for parts of the new business.

IV. Internal management system

Due to the different business models of 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 the comments under B. IV. for the performance indicators and key figures applied with respect to this management.

B. Economic report

I. General economic and sector-specific environment

The German economy got off to a very difficult start to the year 2021 as a result of the new restrictions imposed in the effort to combat the coronavirus pandemic. The hospitality and retail sectors were especially hard hit by the new restrictions.[1] Economic output contracted by 1.7% in the first quarter of 2021 as a result of the coronavirus restrictions. With a view to the full year 2021, however, signs are pointing to an economic recovery. The advancing vaccination campaign and the strong state of the global economy are fueling growing optimism.[2] Thanks to the lockdown, the pace of new coronavirus infections has slowed markedly since late April and the progress made in Covid-19 vaccinations has accelerated.[3] In view of these developments, the Kiel Institute for the World Economy (IfW) has upgraded its economic forecast. It now expects a 3.9% increase (as opposed to 3.7% previously) in Germany's gross domestic product (GDP) for 2021, followed by 4.8% growth in 2022.[4]

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[1] Frankfurter Allgemeine Zeitung. (06/11/2021). Deutsche Wirtschaft am Anfang eines kräftigen Aufschwungs ("German Economy on the Cusp of a Strong Recovery"). https://www.faz.net/aktuell/wirtschaft/deutsche-wirtschaft-am-anfang-eines-kraeftigen-aufschwungs-17383993.html (09/08/2021).

[2] German Federal Ministry for Economic Affairs and Energy. (05/13/2021). Die Wirtschaftliche-Lage in Deutschland im Mai 2021 ("The Economic Climate in Germany in May 2021"). https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2021/20210513-die-wirtschaftliche-lage-in-deutschland-im-mai-2021.html#:~:text=F%C3%BCr%20das%20Gesamtjahr%202021%20stehen,um%204%2C8%20%25%20zur%C3%BCck. (09/08/2021).

[3] Ifo Institute. (06/16/2021). Ifo Konjunkturprognose Sommer 2021: Deutsche Wirtschaft im Spannungsfeld zwischen Öffnungen und Lieferengpässen ("Ifo Economic Forecast Summer 2021: German Economy Between the Conflicting Poles of Openings and Supply Bottlenecks"). https://www.ifo.de/ifo-konjunkturprognose/20210616 (09/08/2021).

[4] IFW Kiel. (06/17/2021). IfW-Konjunkturprognose: Selbsttragender Aufschwung in Deutschland (IfW Economic Forecast: Self-Sustaining Recovery in Germany"). https://www.ifw-kiel.de/de/publikationen/medieninformationen/2021/ifw-konjunkturprognose-selbsttragender-aufschwung-in-deutschland/#:~:text=Das%20IfW%20Kiel%20erwartet%20in,2022%20um%204%2C8%20Prozent.&text=Die%20Inflationsrate%20d%C3%BCrfte%202021%202,Euro%20anschwellen (09/08/2021).

Economic conditions outside of Germany, especially in China and the United States, play a key role for the German economy. China's economy has largely overcome the effects of the pandemic, having expanded year-on-year at a record rate of 18.3% in the first quarter. According to China's National Bureau of Statistics, the country's economy expanded by 7.9% year-on-year in the period from April to June.[5] The U.S. economy is expected to grow by around 6.4% in 2021.[6] Economic growth has not been as strong in the Eurozone, due to the pandemic. Production declined in the first quarter. However, the European economy is expected to gain momentum.[7] According to the European Commission, the economy in the EU and the Eurozone will expand by 4.8% this year and by 4.5% in 2022.[8] For most emerging-market and developing countries, however, the economic outlook is not good given the fact that most of the population of these countries will still not be vaccinated in 2022.[9]

In view of declining case numbers, the German government allowed the coronavirus "emergency brake" measures to expire at the end of June 2021. Therefore, the German cabinet resolved to amend the Coronavirus Occupational Health and Safety Regulation effective July 1, 2021. As of this date, working from home is no longer mandated. However, employers may offer their employees the option of working from home. Employers are still required to provide coronavirus tests to their employees at least twice a week.[10]

Given the development of the health crisis related to Covid-19, it is SGE's duty to protect all its teams and offer them the best possible support. The Company has implemented operational measures to ensure the safety of its workers while also maintaining business continuity and the quality of its processes.

Employees still have the option of working from home via a secure VPN link. The internal safety measures have been followed consistently. In addition, all measures were taken to protect the health of employees who work in the office. Moreover, the parent company organizes periodic telephone meetings with department managers and regularly provides information via e-mails.

As case numbers are declining, the Company now offers its employees the option of working in the office again on a more regular basis. In compliance with the applicable hygiene and physical distancing rules, employees can work from home for up to two days and in the office for three days per week. Medical facemasks and self-tests are distributed to employees on a regular basis.

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[5] Manager Magazin. (07/15/2021). China boomt weiter - 7,9 Prozent Wachstum im zweiten Quartal ("China Boom Continues: 7.9 Percent Growth in the Second Quarter"). https://www.manager-magazin.de/politik/weltwirtschaft/china-bruttoinlandsprodukt-waechst-im-2-quartal-um-7-9-prozent-a-99a1ff37-e7a4-4f94-a103-a9543ded740a (09/08/2021).

[6] Statista. (no date). USA: Wachstum des realen Bruttoinlandsprodukts (BIP) von 1980 bis 2020 und Prognosen bis zum Jahr 2026 ("USA: Growth of Gross Domestic Product (GDP) from 1980 to 2020 and Forecasts to the Year 2026"). https://de.statista.com/statistik/daten/studie/14558/umfrage/wachstum-des-bruttoinlandsprodukts-in-den-usa/ (09/08/2021).

[7] Ifo Institute. (04/15/2021). Gemeinschaftsdiagnose Frühjahr 2021: Pandemie verzögert Aufschwung – Demografie bremst Wachstum ("Joint Economic Forecast Spring 2021: Recovery Delayed by Pandemic; Growth Slowed by Demographics"). https://www.ifo.de/node/62761 (09/08/2021).

[8] European Commission. (07/07/2021). Wirtschaftsprognose Sommer 2021: Europas Wirtschaft erholt sich schneller als erwartet ("Economic Forecast Summer 2021: Europe's Economy is Recovering More Quickly than Expected"). https://ec.europa.eu/germany/news/20210707-wirtschaftsprognose-sommer_de (09/08/2021).

[9] Ifo Institute. (04/15/2021). Gemeinschaftsdiagnose Frühjahr 2021: Pandemie verzögert Aufschwung – Demografie bremst Wachstum ("Joint Economic Forecast Spring 2021: Recovery Delayed by Pandemic; Growth Slowed by Demographics"). https://www.ifo.de/node/62761 (09/08/2021).

[10] German Federal Government. (06/23/2021). Keine Homeoffice – Pflicht mehr ab 1.Juli ("No More Work-from-Home Mandate as of July 1"). https://www.bundesregierung.de/breg-de/suche/corona-arbeitsschutzverordnung-1935150 (09/08/2021).

Issuance business

According to the German Derivatives Association, SGE is a leading issuer of derivative securities in Germany based on exchange trading volumes. As a part of Société Générale's Global Banking and Investor Solutions segment, it is the global leader in the segments for derivative and structured products.

The integration of the EMC business has extended and strengthened the Company's position in the German market and European market as a leading issuer of listed products.

The complexity of regulation and supervision remains very high (capital regulations, detailed requirements for risk management systems; information and frequency of disclosure obligations, amended prospectus laws).

The new EU Prospectus Directive took effect in Germany on July 21, 2019. The idea of this Directive is to make securities prospectuses simpler and more user-friendly so that investors can make well-founded investment decisions. The scope of required information in the prospectus has been defined more precisely so that prospectuses can be shorter and clearer in the future.

The complexity is based essentially on European harmonization and the application to internationally active entities. In order to ensure uniform standards in banking supervision, a standard supervisory mechanism was created. The majority of the rules and procedural provisions applicable in Germany are now determined in light of a European background.

According to a European Union Directive (2020/1989), the Company is obligated to publish parts of the Notes to the IFRS Financial Statements in the new European Single Electronic Format (ESEF) in the German Federal Gazette (Bundesanzeiger). The first publication in the ESEF format took place on 04/28/2021.

Automobile industry

390,889 new cars were registered in Germany as of June 30, 2021, that being 14.9% more than in the first half of last year. The increase is attributable to the coronavirus pandemic and the first lockdown in Q2 2020. Nonetheless, new car registrations are still below the level from before the coronavirus pandemic.

67.3% (+19.3% from H1 2020) of new cars were registered to commercial owners and 32.7% (+6.8% from H1 2020) were registered to private individuals.

The share of diesel vehicles declined further to 22.6% in the first half of 2021 (-18% from H1 2020), while the share of gasoline vehicles also declined to 38.6% (-13.3% from H1 2020). By contrast, the share of alternative-drive vehicles rose further to 38.8% (+159.3% from H1 2020). Hybrid vehicles accounted for 71.3% and electric vehicles accounted for 27.6% of alternative-drive vehicles. As in prior periods, the increase in registrations of alternative-drive vehicles is attributable to the national government's environmental bonus.

New car registrations increased for nearly all German brands in the first half of 2021. Smart experienced the highest increase of +359.3%, followed by Opel (+39.3%) and Porsche (+26.0%). New car registrations were lower for Ford (-16.9%) and Mercedes (-0.6%) in the first half. VW is still the market leader, with a market share of 19.9%, up 1.5% from H1 2020, followed by BMW with 8.5%.

Among import brands, new car registrations were again higher for Tesla (+169.8%), Mini (+34.3%) and Hyundai (+29.0%), while the greatest declines were seen for Mitsubishi (-

35.4%), Honda (-27.6%) and Dacia (-15.6%). Once again, the largest share of new car registrations among import brands was held by Skoda (6.1%), followed by Seat with 4.1% and Renault with 3.8%.

In the used car market, there were 3,366,226 title transfers in the first half of 2021, that being higher than the year-ago level (+5.2%). The positive growth can be attributed to the first lockdown in 2020 because the used car market was less affected by the renewed lockdown in the current year. However, title transfers are still below the level from before the coronavirus pandemic.

The general sentiment index of the motor vehicle trade as of 04/30/2021 improved in the 12 months since end of April last year. Sentiment among German car dealerships is at 92 points, higher than the year-ago reading (75 points); however, sentiment has improved steadily since hitting a low in April 2020 (75 points). The index value for service centers is slightly worse, at 91 points (PY: 76 points), and has followed a similar progression over the course of the year. 55% of service centers have indicated that they are now working at normal levels again. Among car dealerships, this proportion was 61% as of 30/04/2021, having exhibited a positive development since the middle of last year (11% as of 06/30/2020).

As a brand-independent automobile financier, the Group entity ALD LF generated slightly lower revenues in the first half of the current year compared to last year (-0.70%). By contrast, the automobile industry overall generated higher revenues compared to last year. Together with the subsidiary BDK, ALD LF remains the number two in the market of brand-independent automobile financiers.

Asset Management

The German investment fund industry generated considerable growth in the first half of 2021 despite the coronavirus pandemic. Assets under management (excluding open-end real estate funds) increased by 18.8% to EUR 3,847 billion (H1 2020: EUR 3,122 billion). This increase was caused by net fund inflows in the amount of EUR 100 billion (H1 2020: EUR 24 billion) and capital appreciation in the amount of EUR 631 billion. The net fund inflows break down as follows: EUR 48 billion to mutual funds, EUR 52 billion to restricted funds reserved for institutional investors, and EUR -7 billion to assets outside of investment funds. The main growth drivers were the still stable inflows to restricted funds and a substantial increase in mutual funds in the first half of 2021.

In consideration of all these facts, the management considers the effects on the Group to be positive.

II. Business performance

Global Banking and Investor Solutions

The Company's performance in the first half of the 2021 financial year was characterized by the integration and stabilization of the "Flow" business acquired from Commerzbank. Consequently, the Company's market position in Germany was extended to such a degree that SGE is now the leading issuer of derivative securities in Germany based on trading volumes. In addition, the listing was further intensified in other European countries.[11]

Issuance activity was 8% lower than in the first half of 2020 (H1 2021: 202,584; H1 2020: 221,002).

A total of 14,778 investment products were issued in the first half of financial year 2021 (PY: 25,768). In the class of products without capital protection, 8,288 products were issued on discount certificates, 6,138 products on bonus certificates, 203 products on express certificates, 71 products on index/participation certificates, 35 products on reverse convertibles, and 7 products on outperformance/sprint certificates. In the class of products with capital protection, 36 products were issued.

In addition, 187,806 leverage products were issued (PY: 195,234). In addition to 111,453 products with knock-out options, 65,028 products on warrants and 11,325 products on factor certificates were issued in the class of products without knock-out options.

The German market accounted for 75% and foreign markets accounted for 25% percent (thereof 29% France, 22% Switzerland,; 16% Sweden, 15% Netherlands, 6% Finland, 3% Portugal, 3% Spain, 3% Belgium, 2% Denmark and 1% Italy) of the decrease in the issuance business.

The subsidiary ALD LF acquired in 2017 exhibited a positive development on the whole. With regard to the shares in Société Générale Securities Services GmbH, the impairment of the purchase price from EUR 515 thousand to EUR 1 that was recognized in 2019 on the basis of future profit contributions was retained.

The overall performance in the financial year can be regarded as positive in view of the robust issuance activity and the development of the subsidiaries and it therefore fulfills the forecast from the previous year.

Financial Services to Corporates and Retails

Due to the continuing measures to curb the coronavirus pandemic, new sales financing declined by EUR 76 million (-10%) compared to the first half of 2020 to EUR 661 million in total in the first half of 2021.

Sales financing receivables declined by -1% to EUR 3,910 million (H1 2020: EUR 3,952 million). The number of credit agreements declined by -3% to 359,115.

Due to the end of the cooperation with Hyundai Capital Bank Europe GmbH, the managed purchase financing portfolio declined by -32% to EUR 463 million in the first half.

As of March 2020, purchase financing receivables are no longer sold within the Group under non-notification, non-recourse factoring.

[11] The so-called “Security Box” procedure was introduced in the German market in May 2019. Under this procedure, new products are approved provisionally by the clearing and custody company on the basis of product documentation. However, trades are only registered after the final approval of new products at the time of sale by Société Générale S.A., Paris, as the market maker. This procedure is only applied in Germany; it cannot be applied in other European counties.

Overall, new business and existing business exhibited a weaker development than expected in the previous year's report. This development is primarily attributable to the above-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	2016	2017	2018	2019	2020	H1 2021
Portfolio additions	21,313	22,435	23,621	22,886	19,456	8,433
Vehicle portfolio	62,941	67,021	73,490	76,947	75,141	72,128

Asset Management

The performance of the Asset Management segment in the first half of 2021 developed as expected. The operating loss amounted to EUR 3.0 million.

Net banking income developed in line with expectations based on the customer base and the positive performance of the capital market.

The net banking income of EUR 13.9 million was noticeably lower, by -13%, than the corresponding figure for the first half of 2020. The negative income trend is mainly attributable to customer losses and the restructuring of the business model. An extensive restructuring of Société Générale Securities Services GmbH was resolved in December 2020. The related measures include a refocusing of the existing and future customer portfolio on a substantially lower number of remaining core customers and selected new target customers with due regard to the essential criteria of profitability, complexity and risk. Among other things, this reorientation entails a focus on certain business segments in the medium-term future. In the area of IT operations, support and development of the core IT platforms will be relocated to other Group locations (Paris, Bangalore) and the local operation of servers, networks and communication systems will be harmonized with the standard of the SG Group by means of a transfer to Paris. The project-related restructuring costs will lower the Company's result in 2021 und 2022.

Expenses declined by 10% to EUR 16.9 million, mainly due to cost saving measures and increased employee turnover.

Overall assessment

In consideration of the developments in the individual segments described above, the Group's business performance in the first half of 2021 was positive on the whole from the perspective of the management despite the difficult economic conditions resulting from the coronavirus pandemic.

III. Financial position, cash flows and financial performance

a) Financial performance

The financial performance of the SGE Group presented in the table below covers the period from January 1 to June 30, 2021.

	EUR millions 06/30/2021	EUR millions 06/30/2020
Net interest income	81	131
Net commission income	28	31
Net result from financial transactions	0	(48)
Result from other activities	(16)	(16)
Net banking income	**94**	**98**
Personnel expenses	(34)	(36)
Other administrative expenses	(19)	(21)
Depreciation, amortization and impairments	(3)	(2)
Gross operating result	**37**	**39**
Risk expenses	(1)	(6)
Operating result	**36**	**33**
Profit before taxes	**36**	**33**
Net profit/loss (Group share)	**36**	**35**

Net interest income in the first half of 2021 amounted to EUR 81 million and can be attributed primarily to the lending and leasing business in the Financial Services to Corporates and Retail segment. Net commission income in the first half of 2021 amounted to EUR 28 million.

The result from other activities in the amount of EUR -16 million can be attributed mainly to the Financial Services to Corporates and Retail segment and comprises in particular expenses and income from operating leases in connection with lessor relationships.

Consolidated net banking income amounted to EUR 94 million.

Key expense items in the Group include personnel expenses and other administrative expenses. Personnel expenses amounted to EUR 34 million and other administrative expenses amounted to EUR 19 million. In both cases, these expenses were primarily incurred in the Financial Services to Corporates and Retail and Asset Management segments.

The Group's net profit after non-controlling interests came to EUR 36 million in the first half of 2021.

The financial performance of each segment is detailed in the following:

Global Banking and Investor Solutions

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

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

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

This segment incurred a loss of EUR 1.7 million in the first half of 2021. This can be attributed mainly to the difference in income collected under the cost-plus method and the interest expenses of EUR 2.0 million on the loan extended by Société Générale S.A. Frankfurt for the acquisition of interests in ALD LF and SGSS.

The financial performance developed in line with the business plan.

Financial Services to Corporates and Retails

Net interest income amounted to EUR 81.6 million in the first half of 2021. It was lower than the year-ago figure due to the termination of the cooperation with HCBE in the purchase financing segment.

Net commission income amounted to EUR 15.0 million due to the reduced volume of new business and the correspondingly lower amount of commission income generated on insurance brokerage activity resulting from the pandemic-induced lockdown in the first quarter.

Risk provisions were EUR 6.2 million less than the budgeted figure.

Overall, the segment’s net profit of EUR 40.6 million was higher than the budgeted result due to the low level of risk expenses.

Asset Management

The Asset Management segment generated net banking income of EUR 13.9 million in the first half of 2021. It was mainly composed of net commission income.

Administrative expenses amounted to EUR 17.8 million in the first half of 2021. They were mainly composed of personnel expenses in the amount of EUR 7.4 million and other administrative expenses in the amount of EUR 6.7 million.

Including depreciation and amortization and income from other activities, the segment generated an operating loss of EUR 3.9 million in the period ended June 30, 2021.

b) Cash flows and liquidity position

The nature and execution of the Group’s business activities are oriented toward 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 their hedging transactions, the payment of personnel and other operating expenses, and the charging of those 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 particularly uses funding from Société Générale S.A., Paris, with a fixed interest rate with bullet maturity or an amortizing structure in order to fund its leasing activities. The principle of funding based primarily on matching maturities is applied.

Credit lines based on the business plan were also agreed with Société Générale S.A. and other financial institutions in order to ensure fundamental liquidity. As of the reporting date, SG Effekten disposed of a credit line with Société Générale S.A. Frankfurt Branch in the amount of EUR 10 million, of which EUR 9.9 million had been drawn down, as well as credit lines in the Financial Services to Corporates and Retails segment in the amount of EUR 7,173 million, of which EUR 1,809 million had not been drawn down.

In addition, the instrument of the securitization of loan receivables is also used in the Financial Services to Corporates and Retail segment. Receivables have been bundled and publicly placed in 7 structures to date under the name “Red & Black”, which is used for securitizations on the part of the Société Générale Group. There were three active structures at the reporting date. Liabilities to the special-purpose entities resulting from securitization are presented under “Liabilities to customers”. At the reporting date, these amounted to EUR 1,472 million (PY: EUR 1,842 million).

As of June 30, 2021, the Group held cash and cash equivalents in the amount of EUR 47.9 million (January 1, 2020: EUR 80.0 million) (see Note 4.4).

As of June 30, 2021, liabilities to banks increased to EUR 4,311 million (January 1, 2020: EUR 3.811 million) mainly as a result of higher term deposits.

The Other liabilities declined by EUR 58 million compared to December 31, 2020 to EUR 166 million (see Note 5.3).

The provisions in the amount of EUR 101.8 million (January 1, 2021: EUR 103.5 million) mainly include provisions for legal disputes.

c) Financial position

The statement of financial position mainly includes the item of issued securities as well as the associated hedging transactions, and varies in amount in dependence on the Group’s issuing activity.

Compared to December 31, 2020, total assets declined by EUR 290 million to EUR 8,835 million. This decline resulted mainly from the lower amount of credit granted in the Financial Services to Corporates and Retails segment.

Compared to December 31, 2020, receivables from customers decreased by EUR 113 million to EUR 4,314 million. These receivables mainly consist of installment loans related to sales financing in the segment of Financial Services to Corporates and Retails. The installment loans extended for sales financing have fixed terms and interest rates.

Receivables from banks in the amount of EUR 68.5 million consisted primarily of short-term deposits with Société Générale S.A. and Deutsche Bank AG.

The non-current assets of EUR 611.8 million (December 31, 2020: EUR 636.3 million) consisted mainly of leased assets in the amount of EUR 580.8 million (December 31, 2020: EUR 603.3 million) and intangible assets in the amount of EUR 4.0 million (December 31, 2020: EUR 4.3 million).

Receivables from leases amounted to EUR 445 million at June 30, 2021 (December 31, 2020: EUR 462 million).

The Other assets (EUR 212 million) consisted mainly of prepaid expenses in the amount of EUR 91 million (December 31, 2020: EUR 91 million) and other receivables in the amount of EUR 128 million (December 31, 2020: EUR 173 million).

Liabilities in the amount of EUR 8,820 million consisted mainly of financial liabilities measured at fair value through profit or loss in the amount of EUR 2,764 million and liabilities to banks in the amount of EUR 4,311 million resulting from the funding of lending and leasing activities and the borrowing of loans to acquire subsidiaries.

The Group's equity at June 30, 2021 amounted to EUR 15.6 million (December 31, 2020: EUR -8.6 million). For more information, please refer to Note 8 of the notes to the consolidated financial statements and the statement of changes in equity.

Overall assessment

Based on the developments in the individual segments described above, the Group's business performance and its financial position, financial performance and cash flows in the first half of 2021 are to be assessed as positive on the whole from the perspective of the management. The forecast for the first half of financial year 2021 provided in 2020 has been largely fulfilled despite the continued difficult economic market environment due to the Covid-19 pandemic.

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 within 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 issuance vehicle is managed on the basis of engineering new products and the related targeted placement of securities with investors (increasing the placement rate).

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 continuously adjusts the existing systems and control processes and supplements these controls as needed. Extensive improvements in the execution of the issuance process have led to efficiency enhancements that were necessary for increasing the issuance volume. A new issuance procedure was introduced to the German market in May 2019. Under the so-called “Security Box” procedure, new products are initially approved provisionally by the clearing and custody company on the basis of product documentation. However, trades are only registered after the final approval of new products at the time of sale by Société Générale S.A., Paris, as the market maker.

In connection with the integration of the EMC products acquired from Commerzbank, financial accounting processes and the related controls were adapted to suit the increased volume and extended to other European markets (primarily the expansion of issuance activity to Scandinavia and Western Europe).

In addition, the Company began to restructure the internal control system in 2019 (see Section D). This restructuring was continued and completed in financial year 2020 with the introduction of new controls in the area of “account reconciliations.”

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 normalized equity. At this level, RoE for the first half of 2021 is 15%.

The number of new contracts in the leasing business represents another key figure. In the first half of 2021, 8,433 new lease contracts were concluded. The portfolio of lease contracts declined by 4% from 75,141 to 72,128 lease contracts.

Asset Management

The fund assets managed in self-managed mutual funds and restricted funds, including funds of funds of SGSS, amounted to approx. EUR 57.9 billion at June 30, 2021. The decrease of approx. EUR 18 billion from the previous year resulted mainly from net fund outflows due to customer losses. Managed assets in direct investments amounted to approx. EUR 3 billion at June 30, 2021, which is slightly higher than the corresponding prior-year figure.

The fund assets managed for other asset management companies (insourcing) amounted to approx. EUR 32.0 billion at June 30, 2021. Consequently, the corresponding volumes increased modestly by around EUR 1.1 billion from the prior-year level. The positive development was mainly driven by net fund inflows. Total managed assets amounted to approx. EUR 93 billion at June 30, 2021 (EUR 110 billion in the prior year).

The results of the Key Performance Indicators (KPIs) defined for our customers were good, as in the prior year, with only a few KPI breaches. In total, 97% (PY: 94%) of all KPIs were fulfilled.

C. Report on the Group's future development, opportunities and risks

I. Expected development of the Group (Forecast Report)

General economic developments

The new delta variant is spreading throughout Europe. In Germany, a new pandemic wave is expected in the autumn. The delta variant makes it clear that the coronavirus will not disappear in the future. However, this has not affected stock markets, where new records are expected. That is because economists expect that economic activity and corporate profits will be increasingly decoupled from the trend of infections. However, this expectation is contingent on people's willingness to be vaccinated. Economists are also encouraged by the vaccines being used in Germany and in the other EU countries because they appear to be particularly effective against the delta variant.[12]

The labor market can be expected to recover in the current year. As more businesses reopen in many economic sectors, unemployment and short-time work could be significantly reduced in the third quarter. Whereas short-time work is expected to fall back to the pre-crisis level in the coming year, unemployment will remain above the pre-crisis level in all probability, with an annual average of 2.4 million unemployed in 2021. This expectation is rooted in the growing number of workers released as a result of company bankruptcies, who will not be able to find new work in the medium-term future. The unemployment rate is expected to be 5.8% in 2021 and 5.2% in 2022.

After declining by 2.3% in the fourth quarter of 2020 from the third quarter, consumer spending declined by a further 5.4% in the first quarter of the current year. The main reasons for the decline were the numerous restrictions placed on contact-intensive consumption opportunities and the behavioral adjustments made by consumers in reaction to the new wave of coronavirus infections. Consumer spending can be expected to rise in the second and third quarters of this year thanks to the progress made in the vaccination campaign, the widespread availability of coronavirus tests, and the declining case numbers. Moreover, income and employment prospects have improved recently as short-time work has been scaled back and unemployment has fallen further. According to the Ifo Institute, consumer spending can be expected to increase by 3.5% in the second quarter and by another 6.7% in the third quarter of 2021. These gains are contingent on the complete withdrawal of pandemic restrictions so that all consumption opportunities will be open to consumers again in the summer of 2021.

Prices in Germany have been rising since January 2021. According to the German Federal Statistical Office, the inflation rate in August was 3.9%, as compared to 2.3% in June and 3.8% in July. The August inflation rate was the highest in Germany for almost 30 years. The last time a higher inflation rate was recorded was in December 1993, when it reached 4.3%. The price of gasoline in particular has risen substantially, with drivers recently paying EUR 1.56 on average for a liter of premium gasoline and EUR 1.39 on average for a liter of diesel, both of which are considerably higher than the year-ago prices. Particular effects of the coronavirus pandemic are among the reasons for the sharp increase in gasoline prices. The price of oil had been especially low as a result of last year's lockdown, which makes the

[12] Kaufmann,S. (06.07.2021). Konjunktur erholt sich trotz Delta-Mutante: Infektionen koppeln sich von Wirtschaft ab. Frankfurter Rundschau. https://www.fr.de/wirtschaft/konjunktur-erholt-sich-trotz-delta-mutante-infektionen-koppeln-sich-von-wirtschaft-ab-90842893.html (08.09.2021).

increase in energy prices appear to be particularly pronounced. Moreover, a CO2 price was introduced for gasoline and heating oil and the value-added tax rate was increased again in 2021. Both these effects resulted in higher prices. The inflation rate can be expected to rise towards 5% in the coming months and only come down again in 2022.[13]

Global Banking and Investor Solutions

The management expects that issuance activity will remain at a high level in the second half of financial year 2021. This expectation is supported by the integration and stabilization at a high level of the EMC Flow products acquired from Commerzbank in the first quarter of 2020. The initiated extension of listings in Germany, Scandinavia and Western Europe will further the Company's goal of remaining the leading issuer in Europe.

Further capacity expansions in the issuance progress are planned by taking over and integrating powerful hardware and software as part of the integration with the Société Générale S.A. Group, Paris. Furthermore, an increased volume of follow-up issues of turbo warrants must be expected when barrier levels are breached in a volatile market environment.

As in the previous years, a broad range of products will be offered in the area of warrants and certificates in the second half of financial year 2021.

Including accrued interest on borrowed loans in the amount of around EUR 1.8 million and the reimbursements paid on the basis of cost-plus agreements, we expect a loss of around EUR 3.5 million before profit transfer to Société Générale Frankfurt on the basis of the existing profit transfer agreement.

Société Générale Effekten GmbH is managed by Société Générale S.A. Frankfurt, which is a branch of Société Générale S.A., Paris.

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

Financial Services for Corporates and Retails

The collaboration with importers, dealer associations and their members has been strengthened and expanded in the last few years.

The cooperation with Hyundai Capital Bank Europe GmbH was terminated by the repurchase of receivables as of 03/31/2020.

After the contraction in 2020 due to the pandemic, GDP is expected to increase at a rate of between 3.0% and 4.5% in 2021.

At the end of last year, the German automobile industry association ZDK predicted rising new registrations of between 3.0 and 3.1 million and a stable used car market with 7.0 to 7.1 million title transfers in 2021. In the first half of 2021, approx. 1.39 million new cars were registered, representing an increase of 14.9% over 2020 according to the German Federal Motor Vehicle and Transport Authority (Kraftfahrt-Bundesamt, KBA). The 3.37 million title

[13] Siedenbiedel, C. (08/30/2021). Inflationsrate steigt auf 3,9 Prozent ("Inflation Rate Rises to 3.9 Percent"). Frankfurter Allgemeine Zeitung. https://www.faz.net/aktuell/finanzen/bundesbank-inflationsrate-von-3-9-prozent-wird-weiter-steigen-17508239.html (09/08/2021).

transfers registered in the first half of 2021 represented an increase of 5.2% over the same period in 2020 (source: ZDK).

A modest increase in new business from the past financial year is expected in both sales financing and leasing in 2021.

Asset Management

Société Générale Securities Services GmbH expects that the economic environment will remain stable despite the strains caused by the coronavirus pandemic. Possible risks should be manageable given the availability of vaccines and the expected immunization of the population in the second half of the year.

Based on the low level of interest rates and the financial stabilization measures taken by countries around the world, a volatile, but generally positive short-term and medium-term trend is expected. The restructuring of Société Générale Securities Services GmbH announced by the management, the shareholders and the Supervisory Board in 2020 will be implemented as planned. On the income side, the restructuring measures are expected to result in customer losses in the short and medium term. Thanks to the restructuring project, operating expenses are expected to decline further in 2021.

An operating loss of approx. EUR 15 million is forecast for 2021.

Overall assessment

Also in the second half of financial year 2021, the Company anticipates a profit contribution from ALD Lease Finanz GmbH equal to that of the first half of financial year 2021 and expenses from the absorption of the loss of Société Générale Securities Services GmbH in the amount of roughly EUR 15 million on the basis of the profit transfer agreements in effect. Depending on the duration of the pandemic and the efficacy of government support services, a negative deviation from the provided forecast cannot be ruled out.

In consideration of the interest incurred on borrowed loans in the amount of approximately EUR 3.4 million and the reimbursements based on the cost-plus agreements, a net profit before profit transfer to Société Générale Frankfurt is expected in the amount of approximately EUR 65 million.

Based on the existing credit line with Société Générale Frankfurt Branch in the amount of 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. The risk management of SGE's warrants and certificates business at the level of SGE is based on the fact that all risks are transferred to the Société Générale Group under a global guarantee.

Risks incurred by the subgroup 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 conventional investment risks such as market, liquidity, compliance and counterparty default risk. These "indirect" risks are subsumed under business risk or, in the event of statutory or contractual violations, reflected as loss risk within operational risk from the perspective of the Group.

Risk strategy

Every Group company has its own risk strategy that is based on the respective company's business strategy and which defines goals and actions for every 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 for the type of risk, as well as the training and further 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 databank, analyzed monthly and reported to the management and all department heads. Specific measures to reduce risks are derived with the aid 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 hedging transactions are only owed 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. This department makes the creditworthiness decisions that determine the approval or rejection of loan applications in purchase financing. For loans exceeding a certain credit volume, loan decisions are made with the involvement of the Credit Department of Société Générale.

The Bank has 913 exposures in purchase financing. The 10 biggest borrowers account for 24% of the credit volume (credit limit). The CRM Department prepares a quarterly credit risk report for the management. This report is an integral part of the Bank's risk reporting and is presented to the Supervisory Board on a quarterly basis.

As is typical for the industry, the Bank has a comparatively low exposure to individual risks in the sales financing business, due to broad diversification with 359,115 loan agreements. The 10 biggest borrowers account for 0.09% of the total sales financing portfolio (drawdowns).

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

The Bank continues to bear the credit risk for the loan receivables sold within the scope of the ABS Transaction No. 5 because it holds all the Class B securities, which are to be repaid on a subordinated basis. Therefore, these loan receivables are still carried on the Company's books and appropriate valuation allowances are formed to account for the corresponding credit risk.

The ABS Transactions Nos. 6 and 7 have been divided into 5 tranches. As in the case of the preceding transactions, Class A (issuance volume EUR 930 million and EUR 935 million, respectively) bear an AAA or Aaa rating. Classes B-D of ABS Transaction No. 6 have been assigned the ratings AA, A+, A1, BBB+, BB+, Ba1 and Baa2 and have been placed. Classes B-D of ABS Transaction No. 7 have been assigned the ratings AA, AA+, A and BBB and have likewise been placed. The unrated Class E in the amount of EUR 5 million, which covers the expected loss on the portfolio, is completely held by the Bank itself.

The identified and latent credit risks are accounted for by recognizing specific valuation allowances and flat-rate specific valuation allowances. The specific allowances for bad debt in sales financing are formed by application of flat-rate specific valuation allowance rates determined on the basis of expected losses. These rates range from 0.30% to 100%, depending on the length of the default and the status of the loan. In total, the specific valuation allowances recognized for credit risks amounted to 1.1% (PY: 1.2%) of the sales financing portfolio.

The specific valuation allowances for loans not in default in purchase financing amounted to 0.57% or 10.32%, depending on their status as "normal loans" or "watchlist loans", respectively. The specific valuation allowances for loans in default are determined by analyzing specific cases; these loans amounted to 70.9% (PY: 56.6%).

In total, specific valuation allowances have been recognized in the amount of 2.8% (PY: 2.9%) of the purchase financing portfolio presented in the statement of financial position. At June 30, 2021, total expected and unexpected credit risks in sales and dealer financing (credit value at risk) amounted to EUR 87.9 million (PY: EUR 106.2 million / confidence level 99.9%).

There are no counterparty or country risks.

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 corresponding limits. Due the structure of receivables, no identifiable default risk for the Group is assumed.

For more information on the subject of credit risks, please refer to our comments in Note 4.8 of the notes to the consolidated financial statements.

b) Market price and residual value risks

Global Banking and Investor Solutions

All market price risks from issued warrants and certificates are fully hedged by means of hedging transactions entered into 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 arises in connection with the leasing business from the Financial Services to Corporates and Retail segment.

The percentage of vehicles for which ALD LF assumes the residual value risk is 56.6% (PY: 56.0%) 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 form an essential basis for a reliable estimate of the sales prices to be realized after the vehicles are returned. This experience is supplemented with the Bank's own experience in marketing lease returns.

The residual values calculated for new contracts are reviewed and determined in regular meetings of the Residual Value Committee. 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, taking into account the final invoices at the end of the contract. In the current year, it can be expected that some losses will be incurred in the marketing of lease returns. A provision for anticipated losses has been formed to account for these expected losses.

In total, a break-even operating marketing result is expected for 2021. Because the overall market situation has improved, it can be assumed that the anticipated sale prices will cover the calculated residual book values in 2021.

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

The interest rate risk is managed at the level of the overall bank by means of an interest rate sensitivity report that is prepared and analyzed on a monthly basis by the ALM team for both BDK and ALD LF at the Group and individual institution levels. 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 highest negative change in value of the portfolio appears in the scenario of a parallel shift of +200 basis points and amounts to EUR -11,405 thousand for BDK (PY: EUR -11,204 thousand). Derivative financial instruments are not used within BDK. In the scenarios of +/-10 basis points to be reported to Société Générale, the change in value of the portfolio of the ALD LF Group is EUR 442 thousand in the +10 basis point scenario and EUR -449 thousand in the -10 basis point scenario.

In connection with the ABS transaction No. 5, BDK acquired the complete tranche of class B securities in each case and will hold them for the full term of the transaction. As a result of their structure, these securities bear the counterparty default risk of the loan receivables sold to the special purpose entities.

The ABS transactions Nos. 6 and 7 launched in 2019 and 2020 were divided into 5 tranches of which BDK will hold the last-ranking Class E over the entire term of the transaction. This tranche carries the expected risks of the sold portfolio.

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

The Group uses short and medium-term means of funding as well as interest rate swaps to fund its operations.

Due to the fact that the funding is largely based on matching maturities and the use of derivatives, there is no elevated interest rate risk at the reporting date.

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

Asset Management

Market price risks from equity investment positions 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, in investment shares. The market price risks on the fund side have no direct effect on the Company and are measured and managed continuously based on KAGB’s specifications and the 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 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 of the individual Group companies is also regularly informed of any liquidity risks. With respect to the management of liquidity risks, statistical analyses of the past are used particularly for the purpose of forecasting early loan redemptions. The funds' liquidity risks are monitored independently of this, using methods approved by the supervisory authorities.

Available credit lines totaled EUR 1,809 million for ALD and EUR 0.1 million for SG Effekten at June 30, 2021.

For more information on the management of liquidity risks, please refer to Note 10 in the notes to the consolidated financial statements.

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 permanent monitoring. Processes are documented in specially designed applications and assessed based on specified criteria in order to rule out losses from operational risks. This also includes precautionary measures as part of the Business Continuity Plan (BCP) in order to maintain smooth operations if the infrastructure is disrupted.

The same rules and principles applicable to Société Générale Effekten GmbH also apply to 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" (KPIs).

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

In addition, the use of standardized loan agreements, the review of individual contracts by lawyers, published organizational guidelines and work instructions and a functioning internal control system also reduce operational risk. Our service providers are integrated into BDK's control system by means of regular reporting and outsourcing monitoring.

In the Asset Management segment, we have also identified a non-compliance risk (including legal and tax risks). This refers to the risk of contractual or regulatory penalties or sanctions or other material financial losses resulting from non-compliance with regulatory and contractual provisions. There is a fundamental 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 in particular by means of the careful selection and continuing education of its personnel, as well as through the use of adequate controlling instruments. If necessary, external consultants are also brought in. Furthermore, the Group maintains extensive insurance protection (personal injury, property damage, financial losses, etc.) to protect against these risks. In connection with the management of restricted funds, compliance with statutory and contractual provisions is assured by means of organizational, personnel and technical measures. The business processes are performed with the aid of high-performance computer systems. Operational errors are systematically recorded and the current status of errors and implemented countermeasures is reported on a regular basis.

Furthermore, emergency and crisis management is a key component of risk management. The implementation of the concepts is documented in the Company's emergency handbook, which is revised and updated every financial year. The Company will test the functionality and operability of workstations in the emergency center in the fourth quarter of 2021. Moreover, mobile working has been successfully expanded considerably as a result of the coronavirus crisis.

By means of the measures and processes described above, we were able to ensure that there were no significant losses resulting from operational risks within the Group in the following areas in the first half of financial year 2021:

- Reports required under supervisory 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 management teams of the individual Group companies are responsible for risk management. SGE's management focuses primarily on the "global guarantee" of the Société Générale Group. SGE's management defines the risk strategies and also decides on the design of the risk-bearing concepts, the relevant economic capital and the amount of assigned limits. At the level of the Société Générale Effekten GmbH sub-group, there are no overarching risk management and control processes 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 continual 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 issued by 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, 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 made adequate provisions for an ongoing case in the form of the guarantee of Société Générale S. A., Frankfurt Branch. Thanks to the guarantee for this case, Société Générale Securities Services GmbH and Société Générale Effekten GmbH are not economically burdened. Therefore, Société Générale Securities Services GmbH has netted the uncertain liability of EUR 60 million with the guarantee, which has 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 emerging opportunities early, to assess them using the risk management systems and based on resource estimates and to take advantage of them by means of appropriate actions for the successful development of the Group.

Global Banking and Investor Solutions

For its warrants and certificates business, the Group utilizes a New Product Committee (NPC) formed for each new product. In this connection, all departments involved in the issuance process state their requirements and resource allocations.

The analysis includes all relevant factors for the Company, including markets, the competition situation, strategic orientation, available organization, personnel, back-office technical processing potential, and volumes.

The integration of the EMC business has extended and strengthened the Company's position in the German market and European market as a leading issuer of listed products.

The Company therefore anticipates 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 compared on an ongoing basis with the Group's strategy as part of regular reporting to Société Générale S.A., Paris.

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

For this reason, our digital products for car dealerships, which are also geared to leasing and financing, have become increasingly important in the last few years. These services include the financial calculator developed by us for the dealer's website, the calculation app for mobile devices, the credit pre-approval for the dealer website, and our cross-brand new car calculator. In 2020, we began to develop a digital application process, which when fully developed will make it possible to obtain a loan without physical interaction at the dealership. In addition, our digitalization specialists in the field advise car dealerships in matters of the digital transformation.

At the end of 2019, a used car platform for our dealer partners was launched under the brand name “JuhuAuto”, which presents the vehicles of our dealer partners with an intuitive search function. This platform was further extended and new dealerships were added in 2020. This creates additional opportunities for these products.

Since 2015, we have pursued a marketing concept for our lease returns that relies on selected dealer partners to sell the vehicles. To this end, our vehicles are offered for sale to end customers in the distribution centers of our partners; moreover, vehicles are purchased selectively for subsequent marketing.

The sales success is thus closely associated with the success of our sales partners, the cooperating dealers. The collaboration with importers, dealer associations and their members has been strengthened and expanded in the last few years. Also in the first half of 2021, more than 3,500 car dealerships utilized these services to refer products to their customers.

The Company’s success depends in part on factors that it cannot directly influence. Above all, the development of the new and used vehicle market necessitates the continuous evaluation and further development of the product portfolio based on market demand.

After the coronavirus-induced contraction in 2020, GDP is expected to increase at a rate of between 2.8% and 4.9% in 2021.

At the end of 2020, the German automobile industry association ZDK predicted rising new registrations of between 3.0 and 3.1 million and a stable used car market with 7.0 to 7.1 million title transfers in 2021.

To date, the German federal government has succeeded in preventing an increase in bankruptcies by providing support to businesses and consumers and generous arrangements for short-time work, and especially by suspending the bankruptcy filing obligation. The sustainability of these measures will only be known after the bankruptcy filing obligation is reactivated, as expected.

Because the Company’s business opportunities are closely linked to the business development of car dealerships, the Company’s business was directly impacted by the dealership closures ordered in many German states in reaction to the pandemic in the first half of 2021. Although these risks can be lessened by the expansion of digital services, the Company’s new business was significantly reduced by the closures. Consequently, the Company’s new business will also be adversely impacted by any renewed closures.

Current risks can still be seen depending on the duration of dealer showroom closures and the effects of the general economic environment on the new car and used car markets. The motor vehicle trade is also being impacted by the semiconductor crisis.

Asset Management

Economic growth in Germany and globally is positive. The industrialized nations are experiencing a stronger recovery than emerging-market and developing countries due to the former’s better access to vaccines. Markets are also unsettled by the current political situation in Afghanistan due to the possibly higher risk of global terrorism and restricted access to the country's mineral resources. Future growth could be hampered by uncertainty regarding the monetary policy of central banks and the anti-coronavirus measures initiated by national governments, as well as an only slowly increasing vaccination rate. A positive factor can be seen in the growing willingness of investors to invest in the capital market, especially considering that savings deposits still appear to be unsuitable for the accumulation of private retirement savings due to the low level of interest rates.

Thanks to the Company's reorientation and planned refocusing, we will continue to be an important local and European partner and benefit from the positive development of our sector. Opportunities can still be seen in the increased integration of the Company into the IT landscape of the Société Générale Group, which will generate permanent competitive advantages.

The synergies resulting from the harmonization of the business model within the Société Générale Group are expected to enhance the Company's sales performance.

Overall assessment

The recovery of the German economy is supported by the progressive containment of the pandemic due to rising vaccination rates, as well as the easing of coronavirus restrictions and strong demand for the country's exports. German GDP growth of 4.5% is expected in 2021. This recovery will be driven by increasing private consumption and strong foreign trade.[14]

Under the currently prevailing pandemic circumstances, it is difficult to make a statement regarding the outlook for the second half of financial year 2021. All in all, the management hopes for a quick recovery of the global economy and assesses the development as positive.

D. Internal control and risk management system as it relates to the financial reporting process

At the Group level, the Société Générale Group is subject to supervision by the French supervisory authority ACPR and since November 4, 2014, to supervision by the European Central Bank; it is also subject to the regulations of French bank regulation, 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 applicable in every case.

The internal control system (ICS) is based on the three-lines-of-defense model. The Company's internal control system has been upgraded in reaction to the increased issuance activity and the effects of the coronavirus pandemic. In total, 149 additional controls were integrated into the Company's internal control system in all three lines of defense in the 2020 financial year. In particular, controls designed to ensure data security in mobile working were introduced. Moreover, the Company will pay greater attention to psychosocial risks related to mobile working.

[14] Hans Böckler Stiftung, IMK prognostiziert 4,5 Prozent Wirtschaftswachstum 2021 und 4,9 Prozent 2022 – "Mit Schwung aus der Krise" (IMK Forecasts 4.5 Percent Economic Growth in 2021 and 4.9 Percent in 2022 – Vibrant Recovery from the Crisis" at https://www.boeckler.de/de/pressemitteilungen-2675-33773.htm (retrieved on 09/07/2021).

FIRST LINE OF DEFENSE

The first line of defense 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 that 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).

Frankfurt am Main, September 23, 2021

The Management

Société Générale Effekten GmbH

Françoise Esnouf	Helmut Höfer	Nurten Spitzer-Erdogan

Consolidated Interim Financial Statements of Société Générale Effekten GmbH

Semiannual Financial Information

at 06/30/2021

(unaudited numbers)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(In euro thousands)	Note	01/01/2021-06/30/2021	2020	01/01/2020-06/30/2020
Interest and similar income	Note 4.7	87,546	181,759	140,633
Interest and similar expenses	Note 4.7	(6,230)	(23,260)	(9,381)
Commission income	Note 5.1	30,633	75,050	38,084
Commission expenses	Note 5.1	(2,677)	(11,658)	(6,323)
Net result from financial transactions	Note 4.1	150	(2,325)	(48,165)
Thereof net gains or losses on financial instruments measured at fair value through profit or loss	Note 4.1	150	(2,325)	(48,165)
Income from other activities	Note 5.2	160,214	285,044	137,425
Expenses for other activities	Note 5.2	(175,887)	(320,209)	(154,127)
Net banking income		**93,749**	**184,401**	**98,146**
Personnel expenses	Note 6	(34,221)	(88,179)	(35,360)
Other administrative expenses	Note 9.2	(19,453)	(40,931)	(21,128)
Expenses for amortization, depreciation and impairments of intangible assets and property, plant and equipment	Note 9.2	(3,223)	(5,731)	(2,320)
Gross operating result		**36,852**	**49,560**	**39,338**
Risk expenses	Note 4.8	(1,144)	(15,432)	(5,911)
Operating result		**35,708**	**34,128**	**33,427**
Net gains or losses from other assets		0	(26)	-
Impairment of goodwill		0	(664)	0
Profit/loss before taxes		**35,708**	**33,438**	**33,427**
Income taxes		0	-	0
Net profit/loss of all companies of the consolidation group		**35,708**	**33,438**	**33,427**
Non-controlling interests		(311)	(2,274)	(1,896)
Net profit/loss (Group share)		**36,019**	**35,712**	**35,323**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In euro thousands)	**01/01/2021-06/30/2021**	**2020**	**01/01/2020-06/30/2020**
Net profit/loss	**35,708**	**33,438**	**33,427**
Gains and losses recognized directly in equity, that will be subsequently reclassified to profit or loss:			
Net remeasurement differences from hedging instruments	750	(534)	(1,143)
Gains and losses recognized directly in equity, that will not be subsequently reclassified to profit or loss:			
Actuarial gains and losses from post-employment benefits	3,676	337	3,992
Tax-related	(828)	(64)	(828)
Total other comprehensive income	**3,598**	**(261)**	**2,021**
Comprehensive income (net profit/loss and other comprehensive income)	**39,306**	**33,177**	**35,448**
thereof Group share	**48,612**	22,052	**42,458**
thereof non-controlling interests	**(9,306)**	11,125	**(7,009)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

(In euro thousands)		06/30/2021	12/31/2020
Financial assets measured at fair value through profit or loss	Note 4.1 Note 4.3	3,180,682	3,237,675
Hedging derivatives	Note 4.2	572	62
Receivables from banks at amortized cost	Note 4.4 Note 4.9	68,461	102,064
Loans to and receivables from customers at amortized cost	Note 4.4 Note 4.8 Note 4.9	4,314,205	4,426,689
Receivables under finance leases	Note 4.4 Note 4.9	445,544	462,072
Tax assets	Note 7	154	1,075
Other assets	Note 5.3	212,457	257,908
Property, plant and equipment and intangible assets	Note 9.4	611,823	636,265
Goodwill		1,569	1,569
Total		**8,835,467**	**9,125,379**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In euro thousands)		06/30/2021	12/31/2020
Financial liabilities measured at fair value through profit or loss	Note 4.1	2,763,873	3,151,043
Hedging derivatives	Note 4.2	604	1,187
Securitized liabilities	Note 4.5 Note 4.9	1,472,841	1,841,906
Liabilities to banks	Note 4.5 Note 4.9	4,310,586	3,810,861
Liabilities to customers	Note 4.5 Note 4.9	295	468
Tax liabilities	Note 7	4,006	1,313
Other liabilities	Note 5.3	165,823	223,633
Provisions	Note 9.3	101,821	103,542
Subordinated liabilities		-	-
Total liabilities		**8,819,849**	**9,133,952**
EQUITY	Note 8		
Equity, Group share			
Subscribed capital, equity instruments and capital reserves		26	26
Profit carried forward		1,138	1,138
Group reserves		(17,845)	(38,954)
Half-year net profit/loss		36,019	35,712
Subtotal		**19,338**	**(2,078)**
Unrealized or deferred capital gains and losses		(23)	(3,621)
Subtotal equity (Group share)		**19,315**	**(5,699)**
Non-controlling interests		(3,697)	(2,875)
Total equity		**15,618**	**(8,574)**
Total		**8,835,467**	**9,125,379**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In euro thousands)	Capital and related reserves: Subscribed capital	Capital and related reserves: Group reserves	Capital and related reserves: Total	Profit carried forward	Net profit/loss (Group share)	Gains and losses recognized directly in equity: To be subsequently reclassified to profit or loss	Gains and losses recognized directly in equity: Not to be subsequently reclassified to profit or loss	Gains and losses recognized directly in equity: Total	Equity, Group share	Non-controlling interests: Capital and reserves	Non-controlling interests: Gains and losses recognized directly in equity	Non-controlling interests: Total	Total Group equity
Equity at 01/01/2020	**26**	**(6,941)**	**(6,915)**	**1,138**	**-**	**(253)**	**(3,107)**	**(3,360)**	**(9,136)**	**(1,448)**	**-**	**(1,448)**	**(10,584)**
Gains and losses recognized directly in equity			-			(1,143)	3,164	2,021	2,021			-	2,021
Net profit loss for the first half 2020			-		35,323			-	35,323	(1,896)		(1,896)	33,427
Other changes	-	(5,785)	(5,785)	(672)	-	-	-	-	(6,458)	(247)	-	(247)	(6,705)
Subtotal	-	(5,785)	(5,785)	(672)	35,323	(1,143)	3,164	2,021	30,886	(2,143)	-	(2,143)	28,743
Equity at 06/30/2020	**26**	**(12,726)**	**(12,700)**	**466**	**35,323**	**(1,396)**	**57**	**(1,339)**	**(21,751)**	**(3,591)**	**-**	**(3,591)**	**(18,160)**
Gains and losses recognized directly in equity						609	(2,891)	(2,282)	(2,282)				(2,282)
Net profit loss for the second half 2020					389				389	(378)		(378)	11
Other changes		5,785	5,785	672					6,458	247		247	6,705
Subtotal	-	(32,013)	(32,013)	-	35,712	(534)	273	(261)	3,438	(1,427)	-	(1,427)	2,011
Equity at 12/31/2020	**26**	**(38,954)**	**(38,928)**	**1,138**	**35,712**	**(787)**	**(2,834)**	**(3,621)**	**(5,699)**	**(2,875)**	**-**	**(2,875)**	**(8,573)**
Utilization of profit		35,712	35,712		(35,712)			-	-			-	-
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				-		750	2,848	3,598	3,598			-	3,598

	Capital and related reserves					Gains and losses recognized directly in equity				Non-controlling interests			
(In euro thousands)	**Subscribed capital**	**Group reserves**	**Total**	**Profit carried forward**	**Net profit/loss (Group share)**	**To be subsequently reclassified to profit or loss**	**Not to be subsequently reclassified to profit or loss**	**Total**	**Equity, Group share**	**Capital and reserves**	**Gains and losses recognized directly in equity**	**Total**	**Total Group equity**
Net profit/loss for the first half 2021				-	36,019			-	36,019	(311)		(311)	35,708
Other changes	-	(14,602)	(14,602)	-				-	(14,603)	(512)		(512)	(15,115)
Subtotal	-	(14,602)	(14,602)	-	36,019	750	2,848	3,598	25,014	(823)	-	(823)	24,191
Equity at 06/30/2021	**26**	**(17,845)**	**(17,818)**	**1,138**	**36,019**	**(37)**	**14**	**(23)**	**19,315**	**(3,698)**	**-**	**(3,698)**	**15,618**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In euro thousands)	01/01/2021-06/30/2021	2020	01/01/2020-06/30/2020
Net profit/loss	**35,708**	**33,438**	**33,427**
Expenses for depreciation and amortization of property, plant and equipment and intangible assets (including operating leases)	630	111,614	56,069
Expenses for impairments of property, plant and equipment and intangible assets (including operating leases) and net additions to provisions	(4,867)	26,885	1,759
Other changes	(16,214)	(27,406)	(14,774)
Non-monetary elements included in the net profit/loss after taxes, and other adjustments, excluding the result from financial instruments measured at fair value through profit or loss	**(20,451)**	**111,093**	**43,054**
Net result from financial instruments measured at fair value through profit or loss	-	2,523	684
Interbank transactions	817,677	(723,005)	(645,549)
Transactions with customers	114,073	(29,486)	(170,585)
Transactions with other financial assets/ liabilities	(1,007,449)	1,022,209	292,180
Transactions with other non-financial assets/ liabilities	200	(14,939)	(44,568)
Net increases/ decreases in operating assets/ liabilities	**(75,499)**	**257,301**	**(567,838)**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(60,242)**	**401,832**	**(491,356)**
Cash flows from purchases and sales of financial assets and equity investments	-	1,980	-
Cash flows from purchases and sales of property, plant and equipment and intangible assets	24,215	(155,595)	(65,824)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**24,215**	**(153,615)**	**(65,824)**
Other cash flows from financing activities	-	(178,956)	633,556
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	**(178,956)**	**645,255**
NET CASH FLOWS FROM CASH AND CASH EQUIVALENTS	**(36,027)**	**69,261**	**76,375**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**73,818**	**4,557**	**4,557**
Net amount of accounts, sight deposits in/loans to banks	**(36,027)**	**69,261**	**76,375**
CASH AND CASH EQUIVALENTS AT THE FINANCIAL YEAR	**37,791**	**73,818**	**80,932**

In accordance with the guideline of Société Générale Group, the SGE Group considers cash on hand, sight deposits, loans and advances with central banks and banks as cash and cash equivalents in preparing the statement of cash flows. At June 30, 2021, cash and cash equivalents consisted only of call deposits with banks in the amount of EUR 47.9 million (Note 4.4), less loans to banks payable at call (deposits and current accounts) in the amount of EUR 10.1 million (Note 4.5).

Cash flows from interest amounted to EUR 78 million and cash flows from taxes amounted to EUR -3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIC INFORMATION ABOUT THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 interim financial statements include the company and the subsidiaries it controls (referred to collectively as the "Group"). The Group is primarily active in the issuance of warrants and certificates, the provision of leasing services and asset management.

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

The consolidated interim financial statements of Société Générale Effekten GmbH cover the period from January 1, 2021 to June 30, 2021. The consolidated interim 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 interim 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 the controlled subsidiary companies were integrated into the consolidated tax group for income tax purposes from the time of conclusion of the profit transfer agreements with Société Générale Effekten GmbH as the controlling parent company at January 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.

USE OF DISCRETIONARY DECISIONS AND ESTIMATES

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

In making these estimates and formulating these assumptions, the management relies on the information available at the time of preparing the consolidated interim financial statements and makes decisions at its own discretion. 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 equity and liabilities side of the statement of financial position, including the provisions for employee benefits.

DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (IFRS IC) OF APRIL 20, 2021 ON IAS 19

At its meeting of April 20, 2021, the IFRS IC established the method for determining the vesting period for a defined benefit plan with the following characteristics: Employees are entitled to a lump-sum benefit payment when they reach the retirement age. The amount of the lump-sum benefit payment depends on the length of employee service, which is capped at a specified number of consecutive years of service.

The IFRS IC determined that in accordance with IAS 19, the employee's period of service directly prior to reaching the retirement age is to be regarded as the vesting period and that the number of consecutive years of service specified in the pension plan is subject to an upper limit.

Therefore, it is not possible to apply the full period of service as the vesting period if the full period of service is greater than the upper limit applied for calculating the benefit. The decision made at that point to not place the topic on the agenda of the IFRS IC was confirmed by the IASB on May 24, 2021.

The possible effects of this decision on the Group's financial statements are currently being analyzed and this work will be continued in the second half of 2021. As of June 30, 2021, the conditions chosen by the Group for determining the vesting period for a defined benefit pension plan remain unchanged.

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

Some of the Standards and amendments published by the IASB had not yet been adopted by the European Union as of June 30, 2021.

Application of these Standards and amendments will be mandatory at the earliest in financial years that begin on or after January 1, 2022 or from the date when they are adopted by the European Union. They were not yet applied to the Group as of June 30, 2021.

The provisional time plan for the application of these Standards is as follows:

2021

- Amendments to IFRS 16 Leases - Covid-19-Related Rent Concessions beyond June 30, 2021

2022

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Costs of Fulfilling a Contract
- Annual Improvements to IFRS (2018-2020 Cycle)

2023

- Amendments to IAS 1 Disclosure of Accounting Policies
- Amendments to IAS 8 Changes in Accounting Estimates
- Amendments to IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

AMENDMENTS TO IFRS 16 LEASES - COVID-19-RELATED RENT CONCESSIONS BEYOND JUNE 30, 2021

Published by the IASB on March 31, 2021.

These amendments extend by one year the application period of the Covid-19-related amendments to IFRS 16 Leases published by the IASB on May 28, 2020. The amendment offers lessees the option of applying a practical expedient in determining whether the Covid-19-related rent concession represents a modification of the lease. Lessees have the option of accounting for the rent concessions as if they did not represent a modification of the lease.

As a result, this practical expedient can be applied to rent concessions on payments that are due in the time until June 30, 2022.

As in 2020, the Group was not granted any Covid-19-related rent concessions in the first half of 2021.

AMENDMENTS TO IAS 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS – ONEROUS CONTRACTS – COSTS OF FULFILLING A CONTRACT

Adopted by the European Union on July 2, 2021.

These amendments clarify the costs that must be included as the cost of fulfilling a contract when assessing whether a contract is onerous.

ANNUAL IMPROVEMENTS TO IFRS STANDARDS (2018-2020 CYCLE)

Adopted by the European Union on July 2, 2021.

In connection with the Annual Improvements to International Financial Reporting Standards (IFRS), the IASB published smaller amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and IFRS 16 Leases.

AMENDMENTS TO IAS 1 DISCLOSURE OF ACCOUNTING POLICIES

Published by the IASB on February 12, 2021.

The purpose of these amendments is to help reporting entities improve the materiality of the information about accounting policies disclosed in the notes to the financial statements and the usefulness of that information for the users of financial statements.

AMENDMENTS TO IAS 8 DEFINITION OF ACCOUNTING ESTIMATES

Published by the IASB on February 12, 2021.

The purpose of these amendments is to clarify the distinction between changes in accounting policies and changes in accounting estimates.

AMENDMENTS TO IAS 12 INCOME TAXES – DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

Published by the IASB on May 7, 2021.

These amendments clarify and limit the scope of application of the exemption granted in IAS 12. This exemption permits reporting entities not to recognize different taxes upon the initial recognition of an asset and a liability. All leases and decommissioning obligations for which the reporting entity must recognize both an asset and a liability, as well as different taxes, are exempt from the scope of application of this exemption.

The purpose of these amendments is to reduce heterogeneity in the recognition of deferred taxes related to leases and decommissioning obligations.

Since the date of initial application of IFRS 16, the Group has treated rights of use and the related lease liabilities as a single transaction. Consequently, different taxes are not recognized from the date of initial recognition because the amount of deferred tax assets offsets the amount of deferred tax liabilities. The temporary net differences arising from later changes to the right of use and the lease liability will lead to the recognition of deferred taxes in a later period. Thus, this amendment has no effect on the Group's consolidated financial statements.

INTEGRATION

The integration of the Flow products into the books of SGE was carried out on March 28/29, 2020. As of March 30, 2020, SGE also assumed all rights and obligations of Commerzbank as the issuer of the transferred securities. The integration of the EMC business extended and strengthened the Group's market position in Germany and in the European market as a leading issuer for listed products.

ASSET MANAGEMENT

An extensive restructuring of Société Générale Securities Services GmbH was resolved in December 2020. The related measures include a refocusing of the existing and future customer portfolio on a substantially lower number of remaining core customers and selected new target customers with due regard to the essential criteria of profitability, complexity and risk. Among other things, this reorientation entails a focus on certain business segments in the medium-term future. In the area of IT operations, support and development of the core IT platforms will be relocated to other Group locations (Paris, Bangalore) and the local operation of servers, networks and communication systems will be harmonized with the standard of the SG Group by means of a transfer to Paris. The project-related restructuring costs will lower the Company's result in 2021 und 2022.

COVID-19

The German economy got off to a very difficult start to the year 2021 as a result of the new restrictions imposed in the effort to combat the coronavirus pandemic. However, the progress made in the vaccination campaign and the strong state of the global economy are fueling growing optimism. In view of these developments, the Kiel Institute for the World Economy (IfW) has upgraded its economic forecast. It now expects a 3.9% increase (as opposed to 3.7% previously) in Germany’s gross domestic product (GDP) for 2021, followed by 4.8% growth in 2022.

NOTE 2 – CHANGES IN THE CONSOLIDATION GROUP

PRINCIPLES OF CONSOLIDATION

The consolidated interim 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 interim financial statements. Intercompany balances, transactions and all unrealized income and expenses from intercompany transactions are eliminated in the preparation of the consolidated interim 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 interim 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 structured entities. The entities are included in the consolidated interim financial statements by reason of their asset-backed 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 only contractual obligations toward the consolidated structured entities are the subordinated promissory note loans assumed. 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.

CHANGES IN THE CONSOLIDATION GROUP

Compared to December 31, 2020, there were no changes in the consolidation group in the first half of the 2021 financial year.

CONSOLIDATION GROUP

			06/30/2021	
Name of company	**Registered head office of the company**	**Business activities**	**Share of equity [%]**	**Share of voting rights [%]**
Consolidated companies				
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	Special financing institution	99.9	51
BDK LEASING UND SERVICE GMBH	Hamburg, Germany	Service company	100	100
RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 6 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 7 UG* (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
Non-consolidated companies				
ALD AUTO LEASING UND DIENSTLEISTUNGS GMBH	Hamburg, Germany	Service company	43.8	43.8
NEDDERFELD 95 IMMOBILIEN GMBH & CO.KG	Hamburg, Germany	Real estate company	65	50

* “ABS - Red & Black Auto Germany 7 UG” with a total volume of EUR 995,000,000.00 was founded in November 2020; of which Class A Notes EUR 935,000,000.00 and other Class B Notes EUR 25,000,000.00, Class C Notes EUR 25,000,000.00 and Class D Notes EUR 10,000,000.00.

The non-consolidated companies ALD Auto Leasing und Dienstleistungs GmbH and Nedderfeld 95 Immobilien GmbH & Co.KG are associated companies. Due to the acquisition of ALD Lease Finanz GmbH as the parent company of the associated companies as part of an internal Group restructuring at January 1, 2017, the associated companies are still measured at the equity investment values applied in the consolidated interim financial statements of Société Générale S.A., Paris.

Structured entities:

(In euro thousands)	**RED & BLACK AUTO GERMANY 5 UG**	**RED & BLACK AUTO GERMANY 6 UG**	**RED & BLACK AUTO GERMANY 7 UG**
Equity	(144)	(406)	449
Total assets of the Company	196,370	545,246	837,763
Result at 06/30/2021	212	355	464

NOTE 3 - ACCOUNTING PRINCIPLES AND MEASUREMENT METHODS

The semiannual financial statements of the subsidiaries included in the consolidated interim financial statements are based on the IFRS recognition and measurement principles 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.

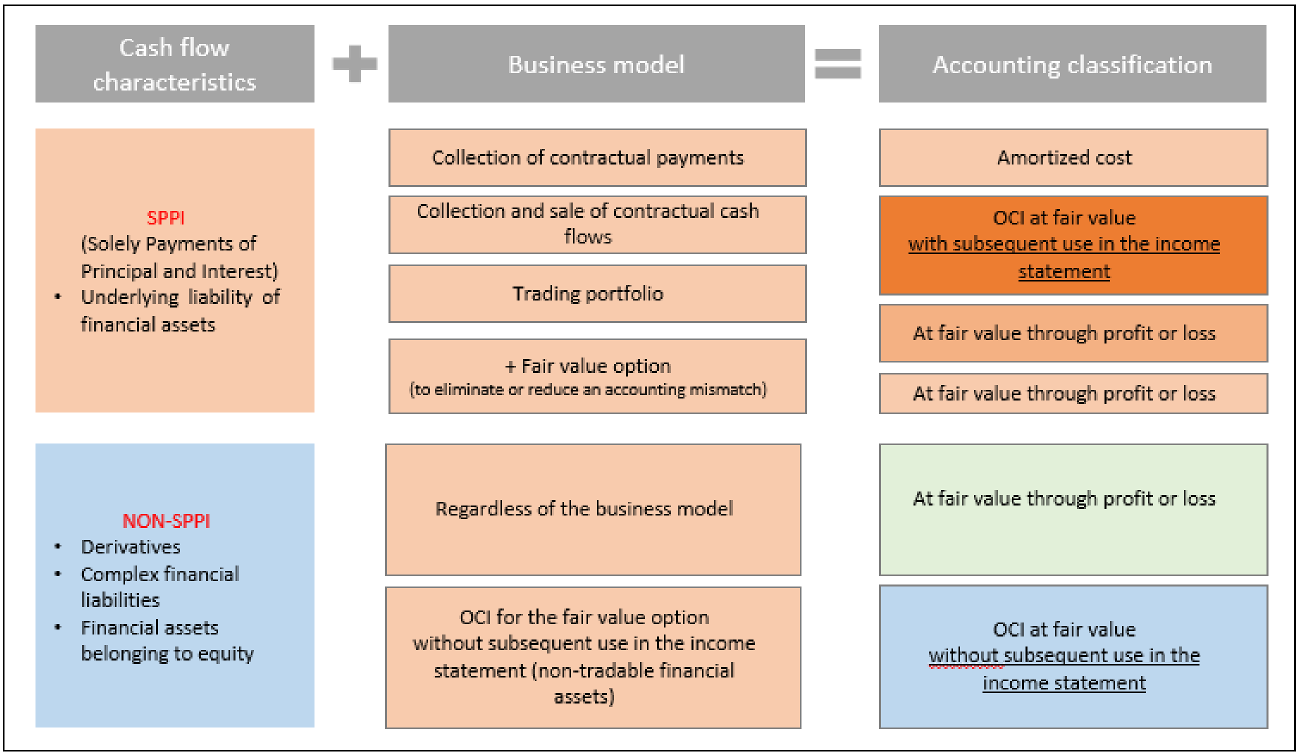
Forward exchange transactions are measured at fair value on the basis of the current forward exchange rate for the remaining term to maturity. Spot exchange positions are translated to the official spot exchange rates at the reporting date. The resulting revaluation differences are recognized in profit 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, and 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 financial reporting principles 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 inflows 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 accounting 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 measurement 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 some 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 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 contract 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 first-time 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 future 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 measurement method to be applied to assess the effectiveness of the hedging relationship. The derivative financial instrument designed 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

Due to the first-time application of IFRS 16 Leases at January 1, 2019, the Group recognizes right-of-use assets representing the right to use the underlying assets and presents them under Property, plant and equipment and intangible assets.

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

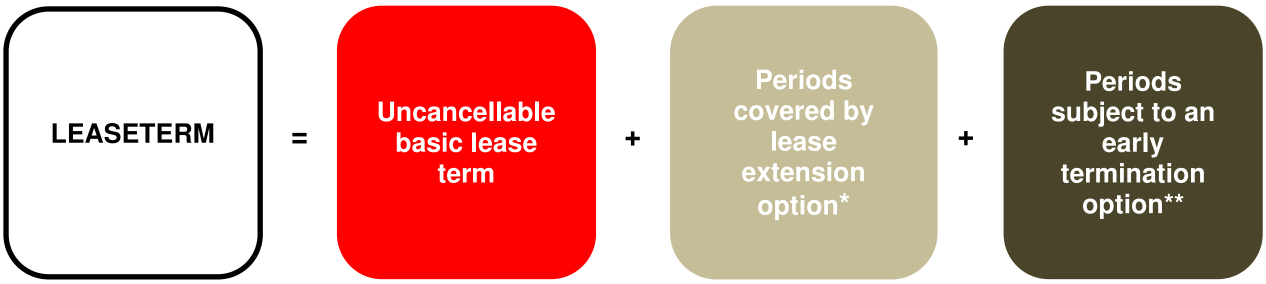
A contract may contain both a lease component and the provision of additional services by the lessor. In this case, the lessee can separate the lease components from the non-lease components and treat them separately. The contractually specified consideration for lease components and non-lease components 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. sales 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 responsible government 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.

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 interest rate for the additional borrowing from 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 include operating assets. Assets held for operating leases are included in operating property, plant and equipment, whereas buildings held for leases are included in 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 presented 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 proportion 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:

- Due to an obligation to a third party, an outflow of economic resources is expected without receiving equivalent consideration in return;
- 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 more likely than not 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 are issued by subsidiaries to third parties, these instruments are presented under “Non-controlling interests” and the funds distributed to the holders of these instruments are presented under “Non-controlling interests” in the income statement.

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 for 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 utilized 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 limit 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.

In the consolidated interim financial statements, those items that cannot be subsequently reclassified to profit or loss 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 a change 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 taxpaying 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 taxpaying 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 taxpaying 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 recognized in respect of “Gains and losses recognized directly in equity” are presented 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 (controlled company) was integrated into the consolidated tax entity for income purposes upon the conclusion of a profit transfer agreement with Société Générale Effekten GmbH (controlling company) on September 26, 2017 and Société Générale Securities Services GmbH (controlled company) was integrated into the consolidated tax group for income tax purposes upon the conclusion of a profit transfer agreement with Société Générale Effekten GmbH (controlling company) on December 1, 2017, both with effect as of January 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

	06/30/2021		12/31/2020	
(In euro thousands)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Held for trading	739,714	736,114	803,471	802,346
Financial instruments mandatorily measured at fair value through profit or loss	2,440,968	-	2,434,204	
Financial instruments optionally measured at fair value through profit or loss	-	2,270,481	-	2,348,697
Total	**3,180,682**	**2,763,873**	**3,237,675**	**3,151,043**

FINANCIAL INSTRUMENTS HELD FOR TRADING

FINANCIAL ASSETS

(In euro thousands)	06/30/2021	12/31/2020
Bonds and other debt instruments	23	177
Equities and other equity instruments	-	-
Loans to customers and securities purchased with repurchase agreements	-	-
Derivatives	739,691	803,294
Other financial assets	-	-
Total	**739,714**	**803,471**

FINANCIAL LIABILITIES

(In euro thousands)	06/30/2021	12/31/2020
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 with repurchase agreement	-	-
Derivatives	736,023	802,255
Other financial liabilities	-	-
Total	**736,114**	**802,346**

The counterparty of the held derivatives is the Group's parent company. The net position approach allowed by IFRS 13.48 is applied. The CVA and DVA are not calculated because the net position of EUR 1.1 million is deemed to be immaterial for risk management purposes.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("NON-SPPI")

(In euro thousands)	06/30/2021	12/31/2020
Receivables from banks – Measured at fair value through profit or loss	2,027,848	2,350,019
Loans to customers – Measured at fair value through profit or loss	-	-
Securitized liabilities	-	-
Equities and other equity instruments	409,839	80,903
Securities/equities held on a long-term basis	3,281	3,281
Total	**2,440,968**	**2,434,203**

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

(In euro thousands)	06/30/2021	12/31/2020
Interbank loans	-	-
Deposit guarantees received	-	-
Liabilities from loaned securities	-	-
Bonds and other short-sale debt instruments	2,027,759	2,348,697
Repo transactions – Banks	-	-
Total	**2,027,759**	**2,348,697**

NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

On December 18, 2019, Société Générale Effekten GmbH signed a netting agreement with Société Générale S.A. Paris for the portfolio of certificates. In addition, Société Générale Effekten GmbH 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

(In euro thousands)	(a) Gross amounts of recognized financial assets/ liabilities	(b) Gross amounts of recognized financial assets/ liabilities netted in the statement of financial position	(c) = (a) - (b) Net amounts of financial assets/ liabilities presented in the statement of financial position	(d) Corresponding amounts that are not netted in the statement of financial position: Financial instruments	(d) Corresponding amounts that are not netted in the statement of financial position: Collateral received/ furnished	(e) = (c) - (d) Net amount
Derivative financial instruments	16,660,092	12,961,788	3,698,304	1,670,456	0	2,027,848
	16,660,092	**12,961,788**	**3,698,304**	**1,670,456**	**0**	**2,027,848**
Derivative financial instruments	16,640,491	12,961,788	3,678,703	1,650,944	0	2,027,759
	16,640,491	**12,961,788**	**3,678,703**	**1,650,944**	**0**	**2,027,759**

NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

(In euro thousands)	(a) Gross amounts of recognized financial assets/ liabilities	(b) Gross amounts of recognized financial assets/ liabilities netted in the statement of financial position	(c) = (a) - (b) Net amounts of financial assets/ liabilities presented in the statement of financial position	(d) Corresponding amounts that are not netted in the statement of financial position: Financial instruments	(d) Corresponding amounts that are not netted in the statement of financial position: Collateral received/ furnished	(e) = (c) - (d) Net amount
Derivative financial instruments – Trading	33,305,606	32,563,273	742,333	2,642	0	739,691
	33,305,606	**32,563,273**	**742,333**	**2,642**	**0**	**739,691**
Derivative financial instruments – Trading	33,301,076	32,563,273	737,803	1,780	0	736,023
	33,301,076	**32,563,273**	**737,803**	**1,780**	**0**	**736,023**

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

(In euro thousands)	01/01/2021-06/30/2021	01/01/2020-06/30/2020
Net result from trading portfolio	(13)	(86)
Net result from financial instruments measured at fair value through profit or loss	486,824	(211,386)
Net result from financial instruments measured at fair value for which the fair value option is exercised	(486,835)	163,385
Net result from derivative financial instruments and hedging instruments, thereof:	174	(78)
Net result from derivative financial instruments	174	(59)
Net result from hedging instruments	-	(19)
Net result from fair value hedging instruments	-	-
Remeasurement of underlying transactions in relation to the hedged risk	-	-
Ineffective portion of cash flow hedge	-	*(19)*
Net result from foreign currency transactions	(122)	(6)
Total gains or loss from fs instruments measured at fair value through profit or loss	150	(48,165)
Gains from financial instruments measured at fair value through other comprehensive income	-	-

NOTE 4.2 - DERIVATIVE FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING

	06/30/2021		12/31/2020	
(In euro thousands)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	2,642	4,535	859	2,988
Foreign currency instruments	173,809	174,508	194,625	195,893
Equity and index instruments	507,344	501,308	564,510	562,940
Commodity instruments	55,897	55,673	43,300	40,433
Credit derivatives	-	-	-	-
Other forward financial instruments	-	-	-	-
Total	**739,691**	**736,023**	**803,294**	**802,255**

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR HEDGING PURPOSES

(In euro thousands)	06/30/2021 Assets	06/30/2021 Liabilities	12/31/2020 Assets	12/31/2020 Liabilities
Fair value hedges	-	-	-	-
Interest rate instruments	-	-	-	-
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Commodity instruments	-	-	-	-
Cash flow hedges	**-**	-	**-**	-
Interest rate instruments	572	604	62	1,187
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Commodity instruments	-	-	-	-
Other financial instruments	-	-	-	-
Total	**572**	**604**	**62**	**1,187**

MATURITIES OF CASH-FLOW-HEDGED FINANCIAL INSTRUMENTS

(In euro thousands)	Up to 3 months	3 months to 1 year	1 to 5 years	06/30/2021
Floating cash flows hedged	(33)			(33)

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 DERIVATES (NOTIONAL VALUES)

(In euro thousands)	Up to 3 months	3 months to 1 year	1 to 5 years	06/30/2021
Interest rate swaps (assets)	-	-	-	-
Interest rate swaps (liabilities)	135,527	380,693	822,675	1,338,895

MATURITIES OF HEDGED FINANCIAL INSTRUMENTS

(In euro thousands)	Up to 3 months	3 months to 1 year	1 to 5 years	06/30/2021
Interbank market securities and tradable debt instruments	176,051	460,755	836,035	1,472,841

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 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 recognized in the income statement under Interest and similar income / expenses at the same time as accrued interest income and expenses related to 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 hedging 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 enters into 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

FAIR VALUE HIERARCHY

For information purposes, the fair value of financial instruments is presented in the notes to the consolidated interim 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), the liquidation value of which is available at the reporting date.

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 as 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 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)

Thus, the financial instruments assigned to category L3 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

(In euro thousands)	06/30/2021 Level 1	Level 2	Level 3	Total
Held for trading	**-**	**23**	**-**	**23**
Bonds and other debt instruments	-	23	-	**23**
Equity and other equity instruments	-	-	-	**-**
Loans and securities purchased under repo transactions	-	-	-	
Other financial assets	-	-	-	**-**
Derivatives in the trading portfolio	**-**	**739,691**	-	**739,691**
Interest rate instruments	-	2,642	-	**2,642**
Foreign currency instruments	-	173,809	-	**173,809**
Equity and index instruments	-	507,344	-	**507,344**
Commodity instruments	-	55,897	-	**55,897**
Credit derivatives	-	-	-	**-**
Other forward financial instruments	-	-	-	**-**
Financial assets mandatorily measured at fair value through profit or loss	**1,247**	**1,446,757**	**992,964**	**2,440,968**
Bonds and other debt instruments	-	-	-	**-**
Equities and other equity instruments	1,247	-	411,873	413,120
Loans and securities purchased with repurchase agreements	-	1,446,757	581,091	2,027,848
Financial assets for which the fair value option was exercised	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	**-**
Loans and securities purchased under repo transactions	-	-	-	**-**
Other financial assets	-	-	-	**-**
Special fund for employee benefits	-	-	-	**-**
				-
Hedging derivatives	**-**	**572**	**-**	**572**
Interest rate instruments	-	572	-	**572**
Foreign currency instruments	-	-	-	**-**
Equities and index instruments	-	-	-	**-**
				-
Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	**-**
Equity instruments	-	-	-	**-**
Loans and receivables	-	-	-	**-**
				-
Total financial assets at fair value	**1,247**	**2,187,043**	**992,964**	**3,181,254**

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In euro thousands)	06/30/2021 Level 1	Level 2	Level 3	Total
Held for trading	**-**	**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	-	-	-	**-**
Trading derivatives	**-**	**736,023**	**-**	**736,023**
Interest rate instruments	-	4,535	-	**4,535**
Foreign currency instruments	-	174,508	-	**174,508**
Equity and index instruments	-	501,308	-	**501,308**
Commodity instruments	-	55,673	-	**55,673**
Credit derivatives	-	-	-	**-**
Other forward financial instruments	-	-	-	**-**
Financial liabilities for which the fair value option was exercised	**-**	**1,446,668**	581,091	**2,027,759**
Hedging derivatives	**-**	**604**	**-**	**604**
Interest rate instruments	-	604	-	**604**
Foreign currency instruments	-	-	-	**-**
Equity and index instruments	-	-	-	**-**
Total financial liabilities at fair value	**-**	**2,183,386**	**581,091**	**2,764,477**

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

Financial assets measured at fair value

(In euro thousands)	Balance at 12/31/2020	Additions	Sales/redemptions	Reclassified to 2	Reclassified from Level 2	Period gains and losses	Exchange rate differences	Other	Balance at 06/30/2021
Held for trading	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equities and other equity instruments	-	-	-	-	-	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Derivatives in the trading portfolio	**-**	**-**	**(10)**	**-**	**-**	**10**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	(10)	-	-	10	-	-	-
Commodity instruments	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Other forward financial instruments	-	-	-	-	-	-	-	-	-
Financial assets measured mandatorily at fair value through profit or loss	**956,361**	**674,279**	**(708,964)**	**(23,098)**	**3,520**	**90,867**	**-**	**-**	**992,964**
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equities and other equity instruments	82,935	328,993	-	-	-	(55)	-	-	**411,873**
Loans and securities purchased with repurchase agreements	873,426	345,286	(708,964)	(23,098)	3,520	90,922	-	-	**581,091**
Financial assets for which the fair value option was exercised	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Special fund for employee benefits	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(In euro thousands)	Balance at 12/31/2020	Additions	Sales/redemptions	Reclassified to 2	Reclassified from Level 2	Period gains and losses	Exchange rate differences	Other	Balance at 06/30/2021
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-	-	-
Total financial assets at fair value	**956,361**	**674,279**	**(708,974)**	**(23,098)**	**3,520**	**90,877**	**-**	**-**	**992,964**

Financial liabilities measured at fair value

(In euro thousands)	Balance at 12/31/2020	Additions	Sales/redemptions	Reclassified to Level 2	Reclassified from Level 2	Period gains and losses	Exchange rate differences	Other	Balance at 06/30/2021
Held for trading	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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	-	-	-	-	-	-	-	-	-
Trading derivatives	**-**	**-**	**(10)**	**-**	**-**	**10**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	(10)	-	-	10	-	-	-

(In euro thousands)	**Balance at 12/31/2020**	**Additions**	**Sales/redemptions**	**Reclassified to Level 2**	**Reclassified from Level 2**	**Period gains and losses**	**Exchange rate differences**	**Other**	**Balance at 06/30/2021**
Commodity instruments	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Other forward financial instruments	-	-	-	-	-	-	-	-	-
Financial liabilities for which the fair value option was exercised	**873,426**	**345,286**	**(708,964)**	**(23,098)**	**3,520**	**90,922**	**-**	**-**	**581,091**
				-					
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Foreign currency instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity and index instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at fair value	**873,426**	**345,286**	**(708,974)**	**(23,098)**	**3,520**	**90,932**	**-**	**-**	**581,091**

MEASUREMENT 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 the value of which is estimated on the basis of market conditions at the reporting date are applied. 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 581,091 thousand worth of instruments traded in financial markets was classified as Equities and other equity instruments. This amount was not adjusted by transfers to or from Level 2 or Level 3 financial instruments in the financial year.

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 valuation 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) the recent acquisition of company stock by a third party, 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 measured at fair value and derivative financial instruments

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 and Nedderfeld 95 Immobilien GmbH & Co.KG. These interests are subject to the measurement exception according to IFRS 5 because there is an intent to sell them. In applying the imparity 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

(In euro thousands)	06/30/2021	12/31/2020
Current accounts	47,901	80,039
Term deposits and loans	20,560	22,025
Loans and receivables without impairments	**68,461**	**102,064**
Impairment upon default	-	-
Remeasurement of hedged balance sheet items	-	-
Net total	**68,461**	**102,064**

LOANS TO AND RECEIVABLES FROM CUSTOMERS (INCLUDING FINANCE LEASES)

(In euro thousands)	06/30/2021	12/31/2020
Loans to customers	4,373,232	4,487,478
Finance leases	452,484	469,748
Loans to customers without impairments	**4,825,716**	**4,957,226**
Impairment upon default	(65,967)	(68,465)
Customers	*(59,027)*	*(60,789)*
Finance leases	*(6,940)*	*(7,676)*
Remeasurement of hedged balance sheet items	-	-
Net total	**4,759,749**	**4,888,761**
Loans to customers	*4,314,205*	*4,426,689*
Finance leases	*445,544*	*462,072*

Please see Note 4.8 “Impairments and provisions”.

NOTE 4.5 - LIABILITIES AT AMORTIZED COST

LIABILITIES TO BANKS

(In euro thousands)	06/30/2021	12/31/2020
Deposits and current accounts	10,110	6,221
Term liabilities	4,298,618	3,804,578
Other liabilities	1,858	62
Remeasurement of hedged balance sheet items	-	-
Securities sold with repurchase agreements	-	-
Total	**4,310,586**	**3,810,861**

LIABILITIES TO CUSTOMERS

(In euro thousands)	06/30/2021	12/31/2020
Other sight deposits	295	468
Total liabilities to customers	**295**	**468**
Liabilities secured by bonds and securities	-	-
Securities sold to customers with repurchase agreements	-	-
Total	**295**	**468**

SECURITIZED LIABILITIES

(In euro thousands)	06/30/2021	12/31/2020
Interbank market securities and tradable debt instruments	1,472,710	1,841,747
Other liabilities	131	159
Total	**1,472,841**	**1,841,906**

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 securitizations of the Société Générale Group, we have bundled leasing receivables into 7 structures and placed them publicly to date. Three active structures remained in effect at the reporting date.

At the reporting date, the carrying amount of transferred receivables was EUR 1,566.5 million and the carrying amount of the corresponding liabilities was EUR 357.1 million. The transferred assets are among the assets subject to restrictions on disposal.

The corresponding market value of the receivables is EUR 1,566.5 million and that of the liabilities is EUR 1,489.3 million, yielding a net receivable of EUR 77.2 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

(In euro thousands)	01/01/2021 - 06/30/2021			2020			01/01/2020 - 06/30/2020		
	Income	Expenses	Net	Income	Expenses	Net	Income	Expenses	Net
Financial instruments at amortized cost	**85,904**	**(3,778)**	**82,126**	**179,186**	**(18,970)**	**160,216**	**91,530**	**(9,381)**	**82,149**
Central banks	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Issued debt instruments	-	(744)	(744)	-	(1,798)	(1,798)	-	(457)	(457)
Transactions with banks	17	(3,008)	(2,991)	11	(17,150)	(17,139)	726	(6,646)	(5,920)
Loans to customers and sight deposits	75,200	-	75,200	156,540	-	156,540	79,189	-	79,189
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-	-	-	-
Securities purchased/sold with repurchase agreements and loans hedged by securities	2,673	-	2,673	3,823	-	3,823	1,888	-	1,888
Lease agreements	**8,014**	**(26)**	**7,988**	**18,812**	**(22)**	**18,790**	**9,727**	**(1)**	**9,726**
Real estate	*-*	*(26)*	*(26)*	*-*	*(22)*	*(22)*	*-*	*-*	*-*
Equipment	*8,014*	*-*	*8,014*	*18,812*	*-*	*18,812*	*9,727*	*-*	*9,727*
Hedging derivatives	**1,567**	**(2,452)**	**(885)**	**2,397**	**(4,290)**	**(1,893)**	**1,337**	**(2,277)**	**(940)**
Financial instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial instruments measured at fair value through profit or loss	**75**	**-**	**75**	**176**	**-**	**176**	**47,766**	**-**	**47,766**
Bonds and other debt instruments	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Receivables from banks	*75*	*-*	*75*	*176*	*-*	*176*	*47,766*	*-*	*47,766*
Loans to customers	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Securities purchased with repurchase agreements	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Total interest income and interest expenses	**87,546**	**(6,230)**	**81,316**	**181,759**	**(23,260)**	**158,499**	**140,633**	**(9,381)**	**131,252**

NOTE 4.8 - IMPAIRMENTS AND PROVISIONS

ACCOUNTING PRINCIPLES

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 exposures in each category 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 instrument in **Level** 1 ➔ *Unchanged if the default risk has not increased significantly*	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 months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses
Measurement basis for 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.

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 the 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 already called security or security 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. Their amortized cost before the impairment are 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 degree of default risk 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

(In euro thousands)	06/30/2021	12/31/2020
Impairments of financial assets at fair value through other comprehensive income	-	-
Impairments of financial assets at amortized cost	**68,923**	**71,667**
Loans and receivables at amortized cost	*65,967*	*68,465*
Other assets at amortized cost	*2,956*	*3,202*
Provisions and financial commitments	1,008	724
Provisions for guarantee commitments	-	-
Total impairments upon default	**1,008**	**724**

IMPAIRMENTS OF FINANCIAL ASSETS

(In euro thousands)	Impairments at 01/01/2021	Additions	Available reversals of impairments	Net impairment expenses	Recognized reversals of impairments	Other changes	Impairments at 06/30/2021
Financial assets at amortized cost	-	-	-	-	-	-	-
Impairments of performing accounts (Stage 1)	21,230	5,782	(6,193)	(411)	-	-	20,968
Impairments of poorly performing accounts (Stage 2)	6,442	5,939	(5,147)	792	-	-	6,827
Impairments of doubtful accounts (Stage 3)	43,995	23,904	(19,590)	4,314	(10,048)	-	41,128
Total	**71,667**	**35,625**	**(30,930)**	**4,695**	**(10,048)**	**-**	**68,923**
Thereof finance leases and similar contracts	-	-	-	-	-	-	-
Impairments of performing accounts (Stage 1)	5,458	856	(1,021)	(165)	-	-	5,293
Impairments of poorly performing accounts (Stage 2)	412	314	(412)	(98)	-	-	314
Impairments of doubtful accounts (Stage 3)	1,806	1,878	(948)	930	(1,876)	-	1,333
Total	**7,676**	**3,048**	**(2,381)**	**667**	**(1,876)**	**-**	**6,940**

PROVISIONS

(In euro thousands)	Impairments at 01/01/2021	Additions	Available reversals of impairments	Net impairment expense	Recognized reversals of impairments	Other changes	Impairments at 06/30/2021
Financial commitments							
Impairments of performing accounts (Stage 1)	693	275	-	275	-	-	968
Impairments of poorly performing accounts (Stage 2)	-	-	-	-	-	-	-
Impairments of doubtful accounts (Stage 3)	31	9	-	9	-	-	40
Total	**724**	**284**	-	284	**-**	**-**	**1,008**
Guarantee commitments							
Impairments of performing accounts (Stage 1)	-	-	-	-	-	-	-
Impairments of poorly performing accounts (Stage 2)	-	-	-	-	-	-	-
Impairments of doubtful accounts (Stage 3)	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

RISK EXPENSES

(In euro thousands)	01/01/2021-06/30/2021	2020	01/01/2020-06/30/2020
Credit risk	**(1,144)**	**(15,432)**	**(5,911)**
Net additions to impairments	(2,276)	(18,000)	(7,055)
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at amortized cost	*(2,276)*	*(18,000)*	*(7,055)*
Net additions to provisions	(285)	(157)	(178)
Financial commitments	*(285)*	*(157)*	*(178)*
Guarantee commitments	-	-	-
Unhedged losses on bad loans	-	-	-
Recovered amounts on bad loans	1,417	2,725	1,322
Other risks	**-**	**-**	**-**
Total	**(1,144)**	**(15,432)**	**(5,911)**

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 to the consolidated financial statements.

FINANCIAL ASSETS MEASURED AT COST

	06/30/2021	
(In euro thousands)	**Carrying amount**	**Fair value**
Receivables from banks	68,461	68,462
Loans to customers	4,759,749	4,582,292
Loans to customers at amortized cost	*4,314,205*	4,114,393
Receivables from leases	*445,544*	*467,899*
Securities	-	-
Total financial assets measured at cost	**4,828,210**	**4,650,753**

FINANCIAL LIABILITIES MEASURED AT COST

	06/30/2021	
(In euro thousands)	**Carrying amount**	**Fair value**
Liabilities to banks	4,310,586	4,310,586
Liabilities to customers	295	295
Issued debt instruments	1,472,841	1,472,841
Subordinated liabilities	-	-
Total financial liabilities measured at cost	**5,783,722**	**5,783,723**

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 for 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 - OTHER ACTIVITIES

NOTE 5.1 - COMMISSION INCOME AND EXPENSES

(In euro thousands)	01/01/2021-06/30/2021			2020			01/01/2020-06/30/2020		
	Income	Expenses	Net	Income	Expenses	Net	Income	Expenses	Net
Transactions with banks	-	(526)	(526)	-	(1,097)	(1,097)	-	(316)	(316)
Transactions with customers	12,315	(604)	11,711	32,773	(5,285)	27,488	18,710	(4,571)	14,139
Operations with financial instruments	-	(7)	(7)	-	(2,138)	(2,138)	-	(14)	(14)
Securities transactions	-	(8)	(8)	-	(16)	(16)	-	(5)	(5)
Loan and guarantee commitments	16,649	-	16,649	39,349	-	39,349	17,812	-	17,812
Other	1,669	(1,532)	137	2,928	(3,122)	(194)	1,562	(1,417)	145
Total	**30,633**	**(2,677)**	**27,956**	**75,050**	**(11,658)**	**63,392**	**38,084**	**(6,323)**	**31,761**

NOTE 5.2 - INCOME AND EXPENSES FOR OTHER ACTIVITIES

(In euro thousands)	01/01/2021-06/30/2021			2020			01/01/2020-06/30/2020		
	Income	Expenses	Net	Income	Expenses	Net	Income	Expenses	Net
Real estate development	-	-	-	-	-	-	-	-	-
Real estate leasing	-	-	-	-	-	-	-	-	-
Equipment leasing	158,585	(143,802)	14,783	282,400	(251,801)	30,599	135,992	(120,747)	15,245
Other activities	1,629	(32,085)	(30,456)	2,644	(68,408)	(65,764)	1,433	(33,380)	(31,947)
Total	160,214	(175,887)	(15,673)	285,044	(320,209)	(35,165)	137,425	(154,127)	(16,702)

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

(In euro thousands)	01/01/2021-06/30/2021	01/01/2020-06/30/2020
Income from sales of operating lease objects	95,384	56,742
Refund of grants on operating lease objects	476	1,589
Income from operating leases	52,528	65,856
Other income from operating leases	10,145	11,745
Income from fees for late payments	52	60
Other income	1,629	1,433
Total	**160,214**	**137,425**

The expenses for other activities comprise the following items:

(In euro thousands)	01/01/2021-06/30/2021	01/01/2020-06/30/2020
Discounts on operating leases	(72)	(456)
Book losses on sales of operating lease objects	(77,126)	(50,446)
Depreciation of operating lease objects	(49,137)	(53,781)
Other expenses for finance leases	(17,467)	(16,064)
Expenses for inventory	-	-
Expenses for other activities not belonging to the banking business	(32,080)	(33,361)
Other discounts	(5)	(19)
Total	**(175,887)**	**(154,127)**

NOTE 5.3 - OTHER ASSETS AND LIABILITIES

OTHER ASSETS

(In euro thousands)	06/30/2021	12/31/2020
Prepaid expenses	91,311	91,463
Miscellaneous other receivables	127,585	173,130
Gross total	**218,896**	**264,593**
Impairments	(6,439)	(6,685)
Net total	**212,457**	**257,908**

At June 30, 2021, the item of “Other assets” mainly consisted of inventories, outstanding receivables under operating leases and commission receivables.

Overview of unimpaired past-due receivables:

(In euro thousands)	06/30/2021
Past due 30 to 60 days	404
Past due 61 to 90 days	248
Past due 91 to 180 days	545
Past due longer than 181 days	1,918

OTHER LIABILITIES

(In euro thousands)	06/30/2021	12/31/2020
Deposit guarantees received	-	-
Clearing accounts for transactions with securities	-	2,236
Employee benefits	3,815	3,843
Lease liabilities	21,954	23,128
Deferred income	28,123	31,347
Miscellaneous other payables	111,931	163,079
Total	**165,823**	**223,633**

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 6 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

PERSONNEL EXPENSES

(In euro thousands)	01/01/2021-06/30/2021	2020	01/01/2020-06/30/2020
Employee compensation	(28,411)	(76,950)	(29,662)
Social security and payroll taxes	(5,281)	(10,314)	(5,170)
Net pension expenses – Special fund	(108)	(178)	(86)
Net pension expenses – Defined benefit pension plan	(421)	(735)	(441)
Employee profit participation and bonuses	-	(2)	(1)
Total	**(34,221)**	**(88,179)**	**(35,360)**
Including net expenses of share-based payments	-	37	-

DEVELOPMENT OF PROVISIONS FOR EMPLOYEE BENEFITS

(In euro thousands)	Balance at 12/31/2020	Additions	Available reversals of impairments	Net additions	Recognized reversals of impairments	Other changes	Balance at 06/30/2021
Provisions for employee benefits	**39,926**	307	(41)	**266**	(1,970)	16	**38,238**

NOTE 7 - INCOME TAXES

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 recognized 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 office against which the companies have refund claims.

NOTE 8 - EQUITY

The Group’s equity amounted to EUR 15.6 million at June 30, 2021. 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 -18 million, and the consolidated net profit for the first half of 2021 in the amount of EUR 36 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 silent reserves, exceed the recognized equity of the transferred companies, the difference is deducted from the Group reserves in the IFRS consolidated interim 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 the first half of financial year 2020.

The Group reserves are influenced by the transfer of the results of the subsidiaries to the controlling company Société Générale S.A. Frankfurt Branch only at the end of the year.

Changes in equity during the first half of 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 9 - ADDITIONAL DISCLOSURES

NOTE 9.1 - SEGMENT REPORT

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	This 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.
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.

(In euro thousands)	Global Banking and Investor Solutions			Financial Services to Corporates and Retails			Asset Management			Group		
	06/30/2021	12/31/2020	06/30/2020	06/30/2021	12/31/2020	06/30/2020	06/30/2021	12/31/2020	06/30/2020	06/30/2021	12/31/2020	06/30/2020
Net banking result	**(1,827)**	(5,079)	(2,122)	**81,659**	159,354	84,244	**13,917**	30,126	16,024	93,749	184,401	98,146
Administrative expenses	**182**	295	174	**(39,296)**	(78,368)	(39,514)	**(17,783)**	(56,768)	(19,468)	(56,897)	(134,841)	(58,808)
Gross operating result	**(1,645)**	**(4,784)**	**(1,948)**	**42,363**	**80,986**	**44,730**	**(3,866)**	**(26,642)**	**(3,444)**	**36,852**	49,560	39,338
Risk expenses	**-**	-	-	**(1,144)**	(15,432)	(5,911)	**-**	-	-	(1,144)	(15,432)	(5,911)
Operating result	**(1,645)**	**(4,784)**	**(1,948)**	**41,219**	**65,554**	**38,819**	**(3,866)**	**(26,642)**	**(3,444)**	**35,708**	34,128	33,427
Net gains or losses from other assets	**-**	-	-	**-**	-	-	**-**	(26)	-	-	(26)	-
Impairment of goodwill	**-**	-	-	**-**	-	-	**-**	(664)	-	-	(664)	-
Profit/loss before taxes	**(1,645)**	**(4,784)**	**(1,948)**	**41,219**	**65,554**	**38,819**	**(3,866)**	**(27,332)**	**(3,444)**	**35,708**	33,438	33,427
Income taxes	**-**	-	**-**	**-**	-	**-**	**-**	-	**-**	-	-	-
Net profit/loss of all companies of the consolidation group	**(1,645)**	**(4,784)**	**(1,948)**	**41,219**	**65,554**	**38,819**	**(3,866)**	**(27,332)**	**(3,444)**	**35,708**	33,438	33,427
Non-controlling interests	**-**	-	-	**(311)**	(2,274)	(1,896)	**-**	-	-	(311)	(2,274)	(1,896)
Net profit/loss (Group share)	**(1,645)**	**(4,784)**	**(1,948)**	**41,530**	**67,828**	**40,715**	**(3,866)**	**(27,332)**	**(3,444)**	**36,019**	35,712	35,323
Assets	2,742,236	3,182,829	26,834,824	5,947,530	5,789,778	5,923,100	145,701	152,772	110,803	8,835,467	9,125,379	32,868,727
Liabilities	3,239,997	3,682,909	27,242,446	5,484,549	5,367,621	5,524,205	95,303	94,152	83,917	8,819,849	9,144,682	32,850,568

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

NOTE 9.2 - OTHER ADMINISTRATIVE EXPENSES

(In euro thousands)	01/01/2021-06/30/2021	2020	01/01/2020-06/30/2020
Rents	(605)	(2,115)	(1,262)
Taxes	(218)	(81)	4
IT & telecom	(7,132)	(14,423)	(8,171)
Consulting	(3,469)	(6,432)	(3,835)
Other	(8,029)	(17,880)	(7,864)
Total	**(19,453)**	**(40,931)**	**(21,128)**

NOTE 9.3 - PROVISIONS

The provisions recognized in the statement of financial position at June 30, 2021 mainly consisted of 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:

(In euro thousands)	Provisions at 12/31/2020	Additions	Available reversals of impairments	Net additions	Recognized reversals of impairments	Other changes	Provisions at 06/30/2021
Provisions for the credit risk of off-balance sheet commitments (see Note 4.8)	724	284	-	284	-	-	1,008
Provisions for employee benefits (see Note 6)	39,926	307	(41)	266	(1,970)	16	38,238
Other provisions	62,892	-	(169)	(169)	(28)	(119)	62,603
Total	**103,542**	**591**	**(210)**	**381**	**(1,998)**	**(103)**	**101,821**

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 equity in the risk-bearing capacity calculation, as a rule.

NOTE 9.4 - 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 all 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.

(In euro thousands)	**Intangible assets**	**Intangible assets under construction**	**Operational equipment (excluding assets under operating leases)**	**Assets under operating leases**	**Investment property**	**Rights of use**	**Total**
Acquisition and production costs							
Balance at December 31, 2020	**24,286**	**-**	**10,499**	**807,789**	**-**	**26,350**	**842,574**
Acquisitions	819	-	226	98,547	-	264	**99,856**
Disposals	(178)	-	-	(127,113)	-	(61)	**(127,352)**
Other movements	-	-	-	-	-	-	**-**
Balance at June 30, 2021	**24,927**	**-**	**10,725**	**779,223**	**-**	**26,553**	**841,428**
Accumulated depreciation, amortization and impairment expenses							
Balance at December 31, 2020	**(20,030)**	**-**	**(4,956)**	**(204,450)**	**-**	**(3,223)**	**(232,659)**
Depreciation and amortization	(1,058)	-	(698)	(49,137)	-	(1,469)	**(52,362)**
Impairment expenses	-	-	-	(73)	-	-	**(73)**
Reversals of impairments / disposals	168	-	-	55,260	-	61	**55,489**
Other movements	-	-	-	-	-	-	**-**
Balance at June 30, 2021	**(20,920)**	**-**	**(5,654)**	**(198,400)**	**-**	**(4,631)**	**(229,605)**
Carrying amounts							
at December 31, 2020	**4,256**	**0**	**5,543**	**603,339**	**0**	**23,127**	**636,265**
Balance at June 30, 2021	**4,007**	**0**	**5,071**	**580,823**	**0**	**21,922**	**611,823**

LEASE RELATIONSHIP AS LESSOR

OPERATING LEASES

FUTURE MINIMUM LEASE PAYMENTS UNDER OPERATING LEASES

(In euro thousands)	06/30/2021	12/31/2020
Breakdown of the total amount of minimum payments to be received	-	-
Due in less than one year	287.645	208.118
Due in one to five years	363.047	288.899
Due in more than 5 years	-	-
Total future minimum payments to be received	**650.692**	**497.017**

DETAILS OF LEASING EXPENSES AND INCOME FROM SUB-LEASING

(In euro thousands)	06/30/2021			
	Real estate	**Computer equipment**	**Other**	**Total**
Leasing	**(1,149)**	**(481)**	**(388)**	**(2,018)**
Interest expenses for lease liabilities	(26)			(26)
Depreciation of assets underlying the rights of use	(1,080)		(388)	(1,468)
Expenses for short-term leases	(43)		-	(43)
Expenses for leases for low-value assets		(481)		(481)
Expenses for variable lease payments				-
Sub-leasing	**(1)**	**-**	**-**	**(1)**
Income from sub-leasing of rights of use	(1)			(1)

NOTE 10 - DISCLOSURES CONCERNING SIGNIFICANT RISKS

For information on the general organization of risk management, please refer to the comments in the Group management report at June 30, 2021.

COUNTERPARTY DEFAULT RISKS

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

(In euro thousands)	06/30/2021
Financial assets measured at fair value through profit or loss	3,180,682
Hedging derivatives	572
Loans to and receivables from banks	68,461
Loans to and receivables from customers	4,314,205
Tax assets	154
Receivables from finance leases	445,544
Other assets	212,457
Total	**8,222,075**

In addition, there are irrevocable loan commitments to customers in the nominal amount of EUR 267,056 thousand.

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

For 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 soundness 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 June 30, 2021 is presented in the table below:

	Sales Financing			
(In euro millions)	EAD	Expected loss	Unexpected loss	Credit value at risk
Individual customers	3,305.2	10.8	23.8	34.6
Commercial customers	604.9	7.0	15.4	22.4
Total portfolio	**3,910.1**	**17.8**	**39.2**	**57.0**

(In euro millions)	Dealer Financing EAD	Expected loss	Unexpected loss	Credit value at risk
Without manufacturer guarantee	463.2	7.4	23.5	30.9
With manufacturer guarantee	0.0	0.0	0.0	0.0
Total portfolio	**463.2**	**7.4**	**23.5**	**30.9**

(In euro millions)	Leasing EAD	Expected loss	Unexpected loss	Credit value at risk
Individual customers	302.3	1.6	6.7	8.3
Commercial customers	753.3	4.7	16.6	21.3
Total portfolio	**1,055.6**	**6.3**	**23.3**	**29.6**

The portfolio sold without recourse within the higher-ranking group was not included in the calculation for dealer financing.

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, there are relatively few individual risks in this area. About 86%% of the loan agreements are for up to EUR 25,000.

There are 913 exposures in purchase financing. The 78 biggest borrowers account for 58% of the credit volume.

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 risk was assumed for 54% in the first half of financial year 2021 (PY: 57%). Therefore, the percentage of vehicles for which the residual value risk is assumed is 57% of the total volume (PY: 56%).

Residual value risks are basically assumed for operating leases only 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.

RISKS OF THE CORONAVIRUS CRISIS

The coronavirus pandemic is causing heightened operational risks throughout the world. To minimize these risks, the following risk management measures were already taken in the first half of 2021:

- Business continuity management (BCM) and business continuity plans were activated
- Outsourcing management
- Assured protection of employees belonging to an at-risk group
- Identification of risks and generation of information from the German Federal Ministry for Health and the Robert Koch Institute, the German Federal Center for Health Education, public health authorities
- Identification of risks form high-risk countries (France as the country of the parent company's registered head office, as well as countries of business partners, service centers)
- Hygiene precautions to identify and block transmission channels
- Possibility of working from home
- Avoidance or complete stoppage of business travel
- Possibility of video conferences
- Assurance of social distancing on the business premises

The potentially high economic risks that could arise for the Group are the following:

- Revenue declines
- Losses on receivables
- Liquidity risks
- (Market) price risks
- Business and reputation risks

The currently observable risks posed by the COVID 19 virus and the still unresolved conflicts in world trade will strongly inhibit the originally expected economic recovery. Risks are therefore seen in financial markets combined with high volatility in the short to medium term. Due to the current state of emergency, a valid forecast of the risks arising from the crisis is not possible at the present time (see also the comments in the report on opportunities in the Group management report).

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 departments of Société Générale S.A., Paris.

As of June 30, 2021, SG Effekten disposed of a credit line with Société Générale S.A. Frankfurt Branch in the amount of EUR 10 million, from which an amount of EUR 9.9 million had been drawn down, as well as credit lines in the Financial Services to Corporates and Retails segment in the amount of EUR 7,173 million, of which EUR 1,809 million had not been drawn down.

The primary goal of liquidity risk management is to secure the funding of its 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 established 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 with 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 corresponding to 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, the 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 June 30, 2021 are presented in the table below:

Receivables:

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**06/30/2021**
Financial assets measured at fair value through profit or loss	650,193	765,074	824,465	940,949	3,180,681
Hedging derivatives	572	-	-	-	572
Receivables from banks at amortized cost	48,606	2,834	12,771	4,250	68,461
Loans to and receivables from customers at amortized cost	653,000	1,134,419	2,456,694	70,092	4,314,205
Receivables from finance leases	37,806	118,782	288,548	408	445,544
Other assets	231,943	244,814	334,905	14,341	826,003
Total receivables	**1,622,120**	**2,265,923**	**3,917,383**	**1,030,040**	**8,835,466**

Liabilities:

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**06/30/2021**
Financial liabilities measured at fair value through profit or loss	261,825	764,604	802,187	935,257	2,763,873
Hedging derivatives	604	-	-	-	604
Securitized liabilities	176,052	460,754	836,035	-	1,472,841
Liabilities to banks	583,413	922,403	2,601,158	203,612	4,310,586
Liabilities to customers	295	-	-	-	295
Other liabilities	88,493	95,880	75,624	11,653	271,650
Total liabilities	**1,110,682**	**2,243,641**	**4,315,004**	**1,150,522**	**8,819,849**

RISKS OF 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 legal disputes are adequately covered.

NOTE 11 – DEALINGS WITH RELATED ENTITIES AND INDIVIDUALS

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 June 30, 2021, the managing directors received compensation totaling EUR 21.6 thousand as short-term benefits for the prior year. As of June 30, 2021, liabilities for salaries totaling EUR 10.8 thousand were owed to the managing directors.

The current managing directors Ms. Françoise Esnouf, 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).

BUSINESS DEALINGS WITH SUBSIDIARIES

No transactions were conducted with subsidiaries in the first half of financial year 2021 aside from the loss absorption by Société Générale Effekten GmbH from Société Générale Securities Services GmbH in the amount of EUR 28,656 thousand and the profit transfer from ALD Lease Finanz GmbH to Société Générale Effekten GmbH in the amount of EUR 63,891 thousand on the basis of the profit transfer agreement for the year 2020.

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 interim financial statements. The business object of the Company comprises the issuance of warrants and certificates, all of which are sold in full to the parent company Société Générale S.A., Paris, and to Société Générale Option Europe S.A., Paris. 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.

An overview of the subsidiaries and associates of Société Générale Effekten GmbH is presented in the description of the consolidation group (see Note 2).

Transactions conducted with companies of the same corporate group:

(In euro thousands)	**Existing balances at 06/30/2021**
Assets	3,423,356
Liabilities*	843,727
Expenses	(24,332,673)
Income	27,649,469

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

NOTE 12 - TRUST BUSINESS

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 536,153 thousand.

NOTE 13 - COMPENSATION OF THE MANAGEMENT

Société Générale S.A. Frankfurt Branch received EUR 600 per month for the work of each Managing Director. Thus, the total compensation of the Managing Directors for the first half of financial year 2021 amounted to EUR 10,800.

NOTE 14 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No further events that could have effects on the Company's future financial position, cash flows and liquidity position, and financial performance have occurred since the reporting date.

Frankfurt am Main, September 29, 2021

The Management

Françoise Esnouf	Helmut Höfer	Nurten Spitzer-Erdogan