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SG Issuer

Société Anonyme

Condensed interim financial statements,
Report of the Executive Board and Corporate Governance Statement and
Report of the Réviseur d'entreprises agréé on review of the condensed interim financial statements

As at and for the six-month period ended 30 June 2021

16, boulevard Royal
L-2449 Luxembourg
R.C.S. Luxembourg: B121.363

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EXECUTIVE BOARD MEMBERS

Chairman:

Mr Yves CACCLIN
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Thierry BODSON
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Alexandre GALLICHE
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Pascal JACOB
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Christian ROUSSON
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Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mrs Estelle STEPHAN JASPARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Laurent WEIL
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

SUPERVISORY BOARD MEMBERS

Chairman:

Mr Pierre LESCOURRET
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Members:

Mr Olivier BLANC
Employee of Société Générale
11, avenue Emile Reuter, L-2440 Luxembourg

Mr Angelo BONETTI (since 08 January 2021)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Mr Olivier FREITAS
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Vincent ROBILLARD (until 08 January 2021)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

AUDIT COMMITTEE MEMBERS

Chairman:

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Members:

Mr Olivier BLANC
Employee of Société Générale
11, avenue Emile Reuter, L-2440 Luxembourg

Mr Olivier FREITAS
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

MANAGEMENT AND ADMINISTRATION

Issuer
SG Issuer
16, boulevard Royal, L-2449 Luxembourg

Guarantor (if applicable, as specified in the Final Terms)
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer
Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Security Trustee and Security Agent Trustee
The Bank of New York Mellon Corporate Trustee Services Limited
One Canada Square, London E14 5AL, United Kingdom

Collateral Custodian
The Bank of New York Mellon S.A., Luxembourg Branch
Vertigo Building, Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg

Collateral Monitoring Agent
The Bank of New York Mellon London Branch
One Canada Square, London E14 5AL, United Kingdom

Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent
Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

Paying Agents
Société Générale
29, boulevard Haussmann, F-75009 Paris, France
&
Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent
Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ

Legal advisers
To the Arranger as to English, French and U.S. laws
Allen & Overy LLP
52, avenue Hoche, CS 90005, 75379 Paris Cedex 08, France

To the Trustee as to English Law
Allen & Overy LLP
1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law
Allen & Overy Luxembourg
5, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

Independent Auditor (Réviseur d'entreprises agréé)
Ernst & Young S.A.
35E, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT

The Directors of SG Issuer (the "Company" or “SGIS”) (each a « Director », collectively the « Executive Board ») present the condensed interim financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the period from 1 January 2021 to 30 June 2021.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The purpose of SG Issuer is to issue Notes and Warrants with all types of underlyings including, without restriction, Shares, Index, Interest Rate, Dividend, Credit Risk, Foreign Exchange, Commodities, Funds, Warrants, allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings. Notes are mainly Debt Securities, Bonds, and Certificates. Issuing proceeds raised by the sale of the Notes will be transferred to Société Générale S.A. (“Société Générale”) through a Fully Funded Swap (“FFS”), which perfectly hedges SGIS for the full issue size.

Warrants are financial products like Turbos, inline Warrants, daily Leverage Certificates, which aim to replicate the same financial exposure as buying (Call) or selling (Put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Warrants are distributed by Société Générale mainly to clients in France, Belgium, Luxembourg, United-Kingdom, Sweden, Finland, Norway, Spain, Hong-Kong, the Netherlands, Italy and Singapore.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue Collateralised Notes or Warrants (respectively “secured Notes” or “secured Warrants”) in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the programmes prepared by Société Générale.

The main programs for Notes are (i) the Debt Instruments Issuance Program, the Base Prospectus of which has been updated and approved by the CSSF on 4 June 2021 and (ii) the “Programme d'Emission de Titres de Créance”, the Base Prospectus of which has been updated and approved by the CSSF on 14 June 2021. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 28 June 2021.

In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 21 June 2021 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 9 July 2021.
The newly created UK Securities Issuance Program and Swiss Securities Issuance Program were respectively approved by the CSSF on 4 June 2021 and 2 July 2021.

The state of business of the Company at the closing of the six-month period ended 30 June 2021 is adequately presented in the interim financial statements published hereby.

During the six-month period ended 30 June 2021, 8 652 new Notes were issued (among which 47 new secured Notes) and 1 499 new Warrants were issued[1]. The net profit for the period from 1 January 2021 to 30 June 2021 amounts to KEUR 41.

The Company did not exercise any research and development activity, does not have any branch, and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

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

For each Note, the Company systematically hedges its position by contracting a FFS with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 10 hereafter.

3. COVID-19 CRISIS

The development of the Covid-19 virus into a pandemic has created an unprecedented environment both operationally and in financial markets. The lockdown measures imposed by many governments to stop the spread of virus have led to a collapse of global activity since mid-march 2020: the crisis has been affecting both the supply and demand for goods and services and has led to financial market dislocations. In this context, the Company continued to monitor closely the situation and followed instructions given by the World Health Organisation and the authorities in Luxembourg. The Company has put in place the necessary measures to ensure business continuity with consideration for staff and client health and safety as a priority.

Governments and central banks have tried to mitigate the effects of this shock by providing significant support in term of liquidity and credit guarantees to the economy. Strong uncertainties still remain about the consequences, magnitude and duration of the crisis.

During the first semester of 2021, the crisis had a limited impact on the Company, considering the quality of the asset portfolio and the robustness of its balance sheet. The specific setup of the Company and the hedging of assets and liabilities contributed to fully mitigate the Company’s exposure to the market volatility. Nevertheless, the Covid-19 crisis had an impact on the volume of the activity due to the decrease in clients’ requests for this type of instruments.

4. FUTURE DEVELOPMENTS AND PERSPECTIVES

In the context of the acquisition by the Société Générale Group (SG Group) of the listed warrants activities from Commerz Bank, Société Générale has decided that new warrants for this activity would mostly be done by another issuer of the Group starting from 1 April 2020. As this activity represented most of the Warrants issued by SGIS so far, the drop in new Warrants issuances continued during the first semester of 2021. As expected by the Executive Board, the overall commission income of the Company slightly decreased.

[1] The number of issued Notes and Warrants does not take into account the issuances which have been issued and cancelled during the same financial period.

On another hand, the second semester of 2021 will no doubt be marked by the macroeconomic consequences of the Covid-19 pandemic disease, but in such uncertain environment, the Company intends to continue in the coming years the development of its business.

5. INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees.

6. SUBSEQUENT EVENTS

As at 30 June 2021, there was no subsequent event

7. CORPORATE GOVERNANCE STATEMENT

The Executive Board of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. This statement describes the Company’s governance principles and practices.

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

7.1. Executive board

The Executive Board supervises and controls the management and operations of the Company and is responsible for the Company system of risk management and internal control.

The Executive Board meetings are held on demand several times during the year.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organised and monitored appropriately;
- Reviews and approves the Company’s financial statements and condensed interim financial statements;

- Supervises and controls operative management.

7.2. Supervisory board

The Supervisory Board ensures permanently and by all necessary means the control of the management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer power or mandates permanently or temporary to these advisory committees. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

7.3. Audit committee

The mission of the Audit Committee is to monitor the issues related to the preparation and control of accounting and financial information, to monitor the independence of the statutory auditors, as well as to monitor the efficiency of the internal control, measurement, supervision and risk control systems related to the accounting and financial processes. If needed, it gives recommendations and its opinion to the Supervisory Board.

An Audit Committee took place on 23 April 2021, during which the financial statements for the year ended 31 December 2020 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

7.4. Internal audit

The Internal Audit of both Société Générale Luxembourg S.A. ("SG Luxembourg") and Société Générale Group support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function and its activities are based on international professional internal audit standards and rules of ethics.

The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.

Internal Audit does not have any direct authority over the activities it reviews.

7.5. Controls framework

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

A second level of control is ensured by SG Luxembourg : Outsourced Essential Services ("OES") supervision (ensured by the Corporate department), Market Risk and Operational Risk (ensured by the Risk department), "Level 2 permanent control" activity (monitoring and assessment of the level 1 permanent control system)."

The Financial Controler of the Company ensures the completeness of the procedural framework.

7.6. New products committee

All the new activities and businesses of the Company are analysed and authorised by a dedicated New Products Committee (NPC). All involved departments within SG Luxembourg are represented (operations, finance, risk, accounting standards, etc…) to assess the impact for the Company.

Report of the Executive Board and Corporate Governance Statement (continued)
For the six-month period ended 30 June 2021

7.7. Service level agreements

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

Service Level Agreements ("SLAs") were signed by the Company with SG Luxembourg and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by SG Luxembourg and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from SG Luxembourg and operational services – Middle Office and Back Office – from Société Générale). In particular, the calculation of the remuneration related to the issuance of the Notes is delegated to Société Générale Paris Middle office within the framework of the SLA.

Luxembourg, 22 September 2021
For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

Thierry BODSON
Member of the Executive Board

Global Statement for the condensed interim financial statements

For the six-month period ended 30 June 2021

To the best of our knowledge, the condensed interim financial statements are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and gives a true and fair view of the financial position and performance of SG Issuer as at and for the six-month period ended 30 June 2021. The condensed interim financial statements comprise the interim statement of financial position as at 30 June 2021, the interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

To the best of our knowledge, the report of the Executive Board and Corporate Governance Statement includes a fair review of the development and performance of the Company, and a description of the principal risks and uncertainties that the Company faces.

Luxembourg, 22 September 2021

Yves CACCLIN
Chairman of the Executive Board

Thierry BODSON
Member of the Executive Board

Ernst & Young
Société anonyme

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Report of the Réviseur d'entreprises agréé on review of the condensed interim financial statements

To the Shareholders of
SG Issuer
16, boulevard Royal
L-2449 Luxembourg

Introduction

We have reviewed the accompanying condensed interim financial statements of SG Issuer as at and for the six-month period ended 30 June 2021, which comprise the interim statement of financial position as at 30 June 2021 and the related interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the six-month period then ended and a summary of significant accounting policies and explanatory notes. The Executive Board is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 27 September 2021

Condensed interim financial statements

For the six-month period ended 30 June 2021

Interim statement of financial position

	Note	('000 EUR) 30.06.2021	('000 EUR) 31.12.2020
Cash and cash equivalents	3	28 757	44 293
Financial assets at fair value through profit or loss			
- *Mandatorily measured at fair value through profit or loss*	4.1	42 710 596	43 135 651
- *Trading derivatives*	4.1	584 186	674 352
Loans and receivables	5	50 003	49 902
Other assets		310 632	835 571
Total assets		**43 684 174**	**44 739 769**
Financial liabilities at amortised cost	4.3	61 850	65 342
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss*	4.2	42 718 588	43 146 652
- *Trading derivatives*	4.2, 10	584 099	676 965
Other liabilities		317 303	848 336
Tax liabilities	6	92	75
Total liabilities		**43 681 932**	**44 737 370**
Share capital	7.1	2 000	2 000
Share premium	7.1	-	-
Legal reserve	7.2.1	200	200
Other reserves	7.2.2	1	0
Profit for the financial period/year		41	199
Total equity		**2 242**	**2 399**
Total equity and liabilities		**43 684 174**	**44 739 769**

Condensed interim financial statements (continued)

For the six-month period ended 30 June 2021

Interim statement of profit and loss and other comprehensive income

	Note	('000 EUR) 2021	('000 EUR) 2020
Interest income		381	476
Commission income	8	23 539	24 656
Net gains from financial instruments at fair value through profit or loss		55	78
Total revenues		**23 975**	**25 210**
Interest expenses		(14 254)	(6 751)
Personnel expenses		(143)	(92)
Other operating expenses		(9 524)	(18 184)
Total expenses		**(23 921)**	**(25 027)**
Cost of risk	5	3	(5)
Profit before tax		**57**	**178**
Income tax	6	(16)	(47)
Profit for the financial period		**41**	**131**
Total comprehensive income for the period		**41**	**131**

Condensed interim financial statements (continued)

For the six-month period ended 30 June 2021

Interim statement of changes in equity

	('000 EUR) Share capital	('000 EUR) Share premium	('000 EUR) *Legal reserve*	('000 EUR) *Other reserves*	('000 EUR) Total reserves	('000 EUR) Profit for the financial year/period	('000 EUR) Total equity
As at 31 December 2019	**2 000**	-	*200*	*0*	**200**	**148**	**2 348**
Allocation of the result of the previous year before dividend distribution	-	-	-	*148*	**148**	**(148)**	-
Capital increase / Allocation to the share premium account (Note 7.1)	-	**34 981**	-	-	-	-	**34 981**
Dividend paid (Note 7.1)	-	-	-	*(148)*	**(148)**	-	**(148)**
Reimbursement of the share premium (Note 7.1)	-	**(34 981)**	-	-	-	-	**(34 981)**
Profit and other comprehensive income for the period from 1 January 2020 to 30 June 2020	-	-	-	-	-	**131**	**131**
As at 30 June 2020	**2 000**	-	*200*	*0*	**200**	**131**	**2 331**
Profit and other comprehensive income for the period from 1 July 2020 to 31 December 2020	-	-	-	-	-	**68**	**68**
As at 31 December 2020	**2 000**	-	*200*	*0*	**200**	**199**	**2 399**
Allocation of the result of the previous year before dividend distribution	-	-	-	*199*	**199**	**(199)**	-
Capital increase / Allocation to the share premium account (Note 7.1)	-	**16 926**	-	-	-	-	**16 926**
Dividend paid (Note 7.1)	-	-	-	*(199)*	**(199)**	-	**(199)**
Reimbursement of the share premium (Note 7.1)	-	**(16 926)**	-	-	-	-	**(16 926)**
Profit and other comprehensive income for the period from 1 January 2021 to 30 June 2021	-	-	-	-	-	**41**	**41**
As at 30 June 2021	**2 000**	-	*200*	*1**	**201**	**41**	**2 242**

* Other reserves as at 30.06.2021 amount to KEUR 1 and relate to the retained earnings which the Company was not able to distribute as a dividend as they were indivisible by the number of shares. Due to rounding in KEUR, this KEUR 1 difference between the 2020 profit and the dividend distribution does not appear in the above table.

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

Condensed interim financial statements (continued)

For the six-month period ended 30 June 2021

Interim statement of cash flows

	Notes	('000 EUR) 2021	('000 EUR) 2020 *Restated**
OPERATING ACTIVITIES			
Profit for the financial period		41	131
Net (increase)/decrease in financial assets	4.1	(9 598 256)	(9 214 919)
Net increase/(decrease) in financial liabilities	4.2	9 412 474	9 969 052
(Increase)/decrease in other assets		524 939	91 574
Increase/(decrease) in tax liabilities and other liabilities		(531 015)	(111 401)
Taxes paid	7	-	-
Non cash adjustments :			
Net change in fair value and foreign exchange difference	4.1, 4.2	193 409	(716 538)
Change in cost of risk	5	(3)	5
NET CASH FLOWS FROM OPERATING ACTIVITIES		**1 589**	**17 904**
FINANCING ACTIVITIES			
Payment of capital surplus**	7.1	(16 926)	(34 981)
Dividend paid		(199)	(148)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(17 125)**	**(35 129)**
Cash and cash equivalents as at the beginning of the period	3	44 293	65 975
Net increase/(decrease) in cash and cash equivalents		(15 536)	(17 225)
Cash and cash equivalents as at the end of the period		**28 757**	**48 750**
Additional information on operational cash flows from interest and dividends			
Interest paid		17 291	35 386
Interest received		384	476
Dividend received		-	-

** Restatement explained in Note 2.4*

*** KEUR 16 926 for the period ended 30 June 2021 (and KEUR 34 981 for the year ended 31 December 2020) represent the share premium reimbursed by the Company to the shareholder (refer to Note 7.1).*

NOTE 1 – CORPORATE INFORMATION

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

Since April 2013, the Company’s corporate objects are to issue debt securities, bonds, certificates, warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

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

The Company’s financial year begins on 1 January and ends on 31 December each year.
The Company’s capital is divided into 50 008 shares, of which 49 908 are held by SG Luxembourg and 100 are held by Société Générale.
The accounts of the Company are included in the consolidated financial statements of Société Générale whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

2.1.1. Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements as at and for the year ended 31 December 2020 were authorised for issue by the Supervisory Board on 28 April 2021.

The condensed interim financial statements as at and for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB"). The condensed interim financial statements as at and for the six-month period ended 30 June 2021 were approved and authorised for issue by the Supervisory Board on 22 September 2021.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at 31 December 2020.

2.1.2. Basis of measurement of financial assets and financial liabilities

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

2.1.3. Functional and presentation currency

These condensed interim financial statements are prepared in Euro ("EUR"), which is the Company’s functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the condensed interim financial statements are expressed in thousands of EUR (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

2.1.4. Use of estimates and judgements

The preparation of the Company’s condensed interim financial statements requires the Executive Board to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the statement of financial position, and on information disclosed in the notes to the condensed interim financial statements.

In order to make these assumptions and estimates, the Executive Board uses information available at the date of preparation of the condensed interim financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the condensed interim financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, the Executive Board has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the condensed interim financial statements with substantial Executive Board judgment and/or estimates are listed below with respect to judgments/estimates involved.

The use of significant estimates and judgment mainly concerns the following topics:

- Fair value in the interim statement of financial position of financial instruments not quoted in an active market which are classified as financial assets and liabilities at fair value through profit or loss (see Notes 4.1 and 4.2);

- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost (see Note 5);

- The analysis of the contractual cash flow characteristics of financial assets (see Note 2.3.3.1).

2.1.5. Segmental information

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements and the condensed interim financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The Company has only one geographical area related to its revenue, which is France (Société Générale).

The business of the Company is not seasonal. Therefore, the additional disclosure of financial information for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period, encouraged in IAS 34.21, are not necessary and not provided.

2.2. New accounting standards

2.2.1. New accounting standards applicable as at 1 January 2021

2.2.1.1. Amendments to IFRS 7, IAS 39 and IFRS 9 in the context of the Interest Rate Benchmark Reform ("IBOR reform")

Issued by the IASB on 27 August 2020 and adopted by the European Union on 14 January 2021

In the context of the interest rate reform – or IBOR reform – currently being implemented, the accounting standards applicable have been amended by the IASB. The objective of the first amendments, implemented by Société Générale Group since 31 December 2019, is to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specificities regarding the transition from current interest rate benchmarks to new ones; and to do so despite any possible changes to financial instruments indexed on the current interest rate benchmarks. These amendments will remain applicable until the uncertainties have been resolved. These amendments have no impact on the Company's condensed interim financial statements considering it doesn't use hedge accounting.

The second phase of these amendments introduced by the IASB regards the treatment of the changes in financial instruments contracts in the framework of the IBOR reform. They have been adopted by the European Union on 14 January 2021, they were early-applied by Société Générale Group in its financial statements as at 31 December 2020 and by extension at the level of the Company.

The Company has assessed that these amendments does not have an impact on the condensed interim financial statements.

2.2.1.2. Amendments to IFRS 4 – Extension of the temporary exemption from the application of IFRS 9

Amendments to IFRS 17 and IFRS 4 published by the IASB on 25 June 2020 and Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020

These amendments allow financial conglomerates as defined by Directive 2002/87/EC to defer, until 1 January 2023, the application of IFRS 9 by their legal entities operating in the insurance sector.

The Company expects no effect from this standard as it has no insurance contracts.

2.2.1.3. Decision of the IFRS Interpretations Committee ("IFRS IC") of 20 April 2021 on IAS 19

At its 20 April 2021 meeting, the IFRS IC specified the method for determining the vesting schedule for a defined benefit plan with the following characteristics: staff members are entitled to a lump-sum benefit payment when they reach a specified retirement age, provided they are employed by the entity when they reach that age, and the amount of the retirement benefit depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service.

The IFRS IC specified that, pursuant to IAS 19, the vesting period will be the period of service immediately before the retirement age, possibly capped, and that the total number of years of service cannot be used when greater than the cap used to calculate the benefit. The consecutive decision not to place the issue on the IFRS IC agenda was validated by the IASB on 24 May 2021.

The Company expects no impact from this decision as it has no defined benefit plan.

2.2.2. Accounting standards, amendments or interpretations to be applied by the Company in the future

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 30 June 2021. They are required to be applied from annual periods beginning on 1 January 2021 at the earliest or on the date of their adoption by the European Union. They have not been applied by the Company as at 30 June 2021.

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

These standards are expected to be applied according to the following schedule:

2021

- Amendments to IFRS 16 "Lease contract" due to the Covid-19 crisis - Extension of rent relief related to Covid-19 beyond 30 June 2021

2022

- Amendments to IFRS 3 (Reference to the Conceptual Framework)
- Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - "Onerous contracts" - "contract execution costs"
- Annual IFRS Improvement (2018-2020 Cycle)
- Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before intended use

2023

- IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of liabilities as current or non-current"
- Amendments to IAS 1 "Disclosure of Accounting Policies "
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.2.2.1. Amendments to IFRS 16 “Lease contract” due to the Covid-19 crisis – Extension of rent relief related to Covid-19 beyond 30 June 2021

Issued by the IASB on 31 March 2021

The IASB extend by one year the period of application of the amendments related to IFRS 16 “Lease contract” related to the Covid-19 crisis and published on 28 May 2020. The amendments are to allow, as an option, tenants benefiting from rent relief in the context of the Covid-19 pandemic, not to analyze whether the concessions granted to them should be accounted for as modifications to rental contracts. This would imply spreading out the effects of the advantage granted over the term of the contract in profit or loss, they can recognize these reductions as negative variable rents (generating an immediate gain in profit or loss).

Thus, this simplification measure can be applied to rent relief relating to payments due until 30 June 2022.

In the first half of 2021, as in 2020, the Company did not benefit from any rent reduction following the Covid-19 crisis.

2.2.2.2. Amendments to IFRS 3 (Reference to the Conceptual Framework)

Published by the IASB on 14 May 2020 and adopted by European Union on 2 July 2021

After its meeting on 30 January 2020, the IASB finalised the amendments to IFRS 3 and decided to require an entity to apply the amendments to business combinations for which acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

The IASB published Reference to the Conceptual Framework (Amendments to IFRS 3) with amendments to IFRS 3, Business Combinations that update an outdated reference in IFRS 3 without significantly changing its requirements.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.3. Amendments to IAS 37 “Provisions, Contingent liabilities and Contingent assets” – “Onerous contracts” – “Contract execution costs”

Issued by the IASB in May 2020 and adopted by European Union on 2 July 2021

These amendments specify the costs to be used in determining the costs of performing a contract when analyzing onerous contracts. These amendments will be effective on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.4. Annual IFRS improvements (2018 – 2020 cycle)

Issued by the IASB on 14 May 2020 and adopted by European Union on 2 July 2021.

As part of the annual procedure for improving IFRS, the IASB published minor changes to IFRS 9 “Financial instruments”” and IFRS 16 “Leases”. The IASB also published minor changes to IFRS 1 “First time adoption of International Financial Reporting Standards” and IAS 41 “Agriculture”, which is not applicable to the Company.

The amendment on IFRS 9 “Financial instruments” clarifies which fees an entity includes when performing the “10 per cent” test to assess whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The Company will integrate this new guidance in its accounting policy. At this stage, the Company does not expect any significant impact from these amendments.

The amendment to IFRS 16 clarifies the treatment of lease incentives related to reimbursement of leasehold improvements by the lessor. The amendment only relates to an illustrative example.

2.2.2.5. Amendments to IAS 16 “Property, Plant and Equipment” – Proceeds before intended use

Issued by the IASB on 14 May 2020 and adopted by European Union on 2 July 2021.

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Such sales proceeds or related costs realised during the preparation of the asset for its intended use should be recognised in profit or loss.

As the Company has no property, plant and equipment, the Company does not expect any impact from these amendments.

2.2.2.6. IFRS 17 “Insurance Contracts”

Issued by the IASB on 18 May 2017, amended on 25 June 2020.

This new standard will replace IFRS 4 “Insurance Contracts” that was issued in 2004 and which currently allows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and investment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the statement of financial position will be replaced by a current value measurement of insurance contracts.

The Company expects no effect from this standard as it has no insurance contracts.

2.2.2.7. Amendments to IAS 1 “Classification of liabilities as current or non current"

Issued by the IASB on 23 January 2020

On 23 January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists.
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant.
- The amendments clarify the situations that are considered settlement of a liability.

On 15 July 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 for annual reporting periods beginning on or after 1 January 2023.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.8. Amendments to IAS 1 “Information to be provided on accounting methods”

Issued by the IASB on 12 February 2021

These amendments aim to help companies to improve the relevance of the information on accounting methods provided in the Notes and its usefulness for investors and users of financial statements.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.9. Amendments to IAS 8 “Definition of an accounting estimate”

Issued by the IASB on 12 February 2021

These amendments aim to facilitate the distinction between changes in accounting policies and changes in accounting estimates.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.10. Amendments to IAS 12 “Income tax – Deferred tax for assets and liabilities related to the same transaction”

Issued by the IASB on 7 May 2021

These amendments clarify and narrow the scope of the exemption of not recognize deferred tax during the initial recognition of an assets and a liability, offered by IAS 12. Therefore, lease contracts and decom-missioning obligations for which companies record both assets and liabilities are excluded and they will have now to book deferred taxes.

The objective of these amendments is to reduce the heterogeneity in the recognition of deferred tax relating to leases and decommissioning obligations.

The Company does not expect any significant impact from the amendment as it did not recognize any tax impact upon IFRS 16 application.
As the Company’s lease is not in IFRS 16 scope due to materiality consideration, this amendment has no impact on the Company’s financial statements.

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

2.3. Summary of significant accounting policies

2.3.1. Foreign currency transactions

The Company maintains its books in EUR, which is the currency of the capital.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realised exchange gains and losses are recognised in the interim statement of profit and loss and other comprehensive income in the caption Net gains on financial instruments at fair value through profit or loss and Interest Expenses.

Revenues and expenses in foreign currencies are translated into EUR at the exchange rates prevailing at the date of the transactions.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

	USD	JPY	GBP	HKD	CHF
30.06.2021	1.1884	131.43	0.8580	9.2293	1.0980
31.12.2020	1.2271	126.49	0.8990	9.5142	1.0802

2.3.2. Cash and Cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

Cash and cash equivalents in the Company are subject to impairment under IFRS 9 and are presented net of impairment (cf. Note 2.3.3.3).

2.3.3. Financial instruments

2.3.3.1. Classification of financial instruments

Classification of financial assets

Financial assets are classified under IFRS 9 based on the characteristics of their contractual cash flows and on how they are managed (business models).

For the debt instruments held, SGIS has defined its business model as “held to collect” for the FFS, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The FFS are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). These financial assets comply with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the Solely Payments of Principles and Interest (or “SPPI”) test and consequently these financial assets are mandatorily measured at Fair Value through Profit and Loss (“FVTPL”).

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

Purchases and sales of financial assets recorded under Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders' equity depending on the accounting category of the relevant financial assets. Loans and receivables are recorded in statement of financial position on the date they are paid or at the maturity date for invoiced services. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Company.

Classification of financial liabilities

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

- Financial liabilities at fair value through profit or loss:

These are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.

The Company has designated at fair value through profit or loss the notes issued because mirror transactions (FFS) that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch.

- Financial liabilities at amortised cost:

These include the other non-derivative financial liabilities and are measured at amortised cost.

2.3.3.2. Valuation of financial instruments

Definition of 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.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

Fair value hierarchy

The fair values of financial instruments include accrued interest as applicable.

For information purposes, in the notes to the condensed interim financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used according to the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 1 instruments carried at fair value on the statement of financial position include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the statement of financial position date.

A financial instrument is considered as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if they reflect actual and regular market transactions on an arm's length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm's length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Company has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

These are instruments measured using a financial model based on observable market inputs. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular non derivative financial instruments carried at fair value on the statement of financial position that are not directly quoted or do not have a quoted price on a sufficiently active market (e.g. corporate bonds, repos transactions, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.

Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs)

Level 3 instruments carried at fair value on the statement of financial position are predominantly instruments for which the sales margin is not immediately recognised in profit or loss.

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;

- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the n^{th} default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

At the level of Société Générale Group, valuation models are determined in order to fully embed the impact of IFRS 13 as described above and use appropriate parameters and methodologies in order to determine L3 instruments valuation. Counterparty credit risk estimates relies on Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) calculations.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure). The methodology for calculation of CVA-DVA (OCA not applicable to the Company) applied to SGIS (the same as the Société Générale Group) is the yield discounting methodology.

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. The valuation methods used by the Company to establish the fair value of financial instruments are detailed below.

The fair values of financial instruments include accrued interest as applicable.

- For unsecured Notes and Fully Funded Swaps

The fair value for both the unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) are calculated by discounting the expected future cash flows with the risk-free curve. To take the credit adjustment into account, the risk-free curve is adjusted with Société Générale Group’s credit spread curve. A dedicated process has been implemented using Société Générale Group and SGIS operational teams’ input. This process is fully functional, constantly monitored as of today.

- For secured and Repack Notes

Secured Notes are Notes which are collateralised with assets deposited on segregated or pooled accounts with external custodian (The Bank of New York Mellon S.A., Luxembourg Branch, hereafter “BNY Mellon Luxembourg”) and pledged in favor of the Note holders.

Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the “Reference Bond”) issued by a third-party issuer (the “Reference Bond Issuer”).

The collateral assets are composed of eligible securities.

Should Société Générale defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (securities issued by issuers which are not part of the SG Group). Therefore, as Société Générale and SGIS are mere risk pass-through, the credit risk premium shall not be adjusted with Société Générale credit spread. Thus, no additional credit adjustment is needed for the secured Notes.

The fair value of the secured Notes, of the Repack Notes and of the associated FFS is computed, for each accounting period, by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants and Options

For financial instruments recognised at fair value in the interim statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the interim statement of financial position date or if the clearing value does not reflect transaction prices.

However, due especially to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

The base models may not fully capture all factors relevant to the valuation of SGIS on these financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (Funding Valuation Adjustment or “FVA”). Therefore, SGIS applies various techniques (from the Group) to estimate the credit risk associated with its financial instruments measured at fair value.

The reevaluation differences attributable to the Company’s credit risk are thus determined using valuation models which take into account the most recent financing terms and conditions on the markets along with the residual maturity of the related liabilities.

- For secured notes issued by the Company, as investors are not exposed to the Company’s risk, no own credit risk should impact the fair value of the instruments and as such, no adjustment has to be calculated.

- For unsecured notes, investors are not contractually exposed to the Company’s credit risk but to Société Générale Group's own credit risk.

SGIS valuation models therefore reflect the absence of credit risk, and structured bonds are not impacted by Own Credit Adjustments within the entity.

Deferred margin related to main unobservable inputs

The Company does not apply deferred margin related to its main unobservable inputs as margin on Notes and Warrants issued are offset by a similar margin on Fully Funded Swaps and Options purchased.

2.3.3.3. Impairments and provisions

Some financial assets involve credit risk which exposes the Company to a potential loss if the counterparties were to be unable to respect their financial commitments. The Company is remunerated for bearing this risk by a portion of the contractual interest that it receives on those assets; this is known as the credit margin.

This potential loss, or expected credit loss, is recognised in profit or loss without waiting for the occurrence of a default event on a specific counterparty.

For loans and receivables measured at amortised cost or, if any, fair value through other comprehensive income, the expected credit loss, as assessed by the Company, is recognised in profit or loss. In the interim statement of financial position, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk. No significant impairment is recognized on cash and cash equivalents. The Company does not have loan commitments or financial guarantees contracts.

Impairment and provisions for credit risk

To determine the amount of impairment or loss allowances to be recorded at each reporting date, these exposures are classified into one of three categories based on the increase in credit risk observed since initial recognition. An impairment or loss allowance shall be recognised for the exposures in each category as follows:

- Exposures classified in Stage 1: At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition. Stage 1 exposures are impaired for the amount of credit losses that the Company expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation.
- Exposures classified in Stage 2: To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Company, taking into account the counterparty's credit risk rating, the magnitude of the change in the counterparty's credit rating and the existence of payments of more than 30 days.
- Exposures classified in Stage 3 (doubtful outstandings): The Company determines whether or not there is objective evidence of impairment (default event).

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Company expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity.

Impairments / Reversal of impairments

Impairments / Reversal of impairments include net reversals of impairment and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

2.3.3.4. Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented on the interim statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by Société Générale.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the interim statement of financial position when, and only when, an entity:

a. currently has a legally enforceable right to set off the recognised amounts; and

b. intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

In December 2014, a cash netting clause was added in the legal framework with Société Générale Group and the Company consequently acquired a legally enforceable right to offset the recognised amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Group and the Company consequently acquired a legally enforceable right to offset the recognised amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts. The impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in Note 4.1 and Note 4.2.

2.3.4. Other assets and other liabilities

Settlement accounts for trades are included in other assets or other liabilities and are presented separately in distinctive captions on assets or liabilities side.

2.3.5. Shareholders' equity

Equity are the resources contributed to the Company by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings).
The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

2.3.6. Interest income and expense

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income).

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

2.3.7. Fee income and expense

Fee income and Fee expense combine fees on services rendered and received, as well as fees on pledge security granted that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest income and Interest expenses.

The Company recognizes fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- fees for ongoing services, such as custody fees and administration costs are recognized as income over the life of the service;

- fees for one-off services, such as issuance and listing fees are recognized as income when the service is provided.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities. For example: supplier contracts generate trade payables, accrued expenses or prepaid expenses.

Income related to the issuance of Notes and Warrants falls under the scope of IFRS 15 and as such, is considered separately as income generated by two services when the Company performs its activities:
- the issuing fee, which is recognized upfront for the initiation and the structuration of the issuance ;
- account and security servicing fee during the lifecycle of the security.

2.3.8. Other operating expenses

The Company records operating expenses according to the type of services to which they refer.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses.

2.3.9. Income tax

Income tax includes current taxes and deferred taxes:

- current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;

- deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

2.3.9.1. Current tax

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the statement of profit and loss

2.3.9.2. Deferred tax

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments or from tax loss carried forward.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. The Company off-sets its deferred tax assets against liabilities as there is both legal right to offset its current tax assets and liabilities and it is the Company's intention to settle on a net basis.

2.3.9.3. Other commitments linked to secured Notes

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

The security granted under each pledge agreement is granted either in favour of:

- (i) in the case of English Law Notes, The Bank of New York Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or,
- (ii) in the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by The Bank of New York Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

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

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IFRS 9, the borrowing of the securities to be pledged by the Company is not assimilated to the transfer of assets and thus does not result in recognition in the interim statement of financial position. The risks and rewards associated to the securities remain in Société Générale Group and as such are not presented in the Company's interim statement of financial position.

The pledged securities are accounted as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

2.4. Comparative data

The presentation of the statement of cash flows was slightly changed in 2020 in order to clarify some of its components ("Taxes paid" as well as fair value and foreign exchange difference are now presented separately). In the statement of cashflows, the comparative data for the period ended 30 June 2020 has been restated for comparison purposes. The restatements have no impact on the subtotals and total disclosed in the statement of cash flows.

2.5. Covid-19 crisis

One year after the outbreak of pandemic Covid-19, the global environment remains impacted by an unprecedented crisis. The deployment of vaccines fuels the hope for a reopening of the economy during the year 2021, which, combined with large scale stimulus packages and the accumulated savings, offer the prospect of an upturn. The latter will also depend on the capability of economic policies to support the sectoral changes resulting both from the impacts of the pandemic and the speeding up of the green and digital transitions.

Uncertainties regarding the sanitary crisis remain high. SGIS policy is to rely on the methodological framework defined by the Société Générale Group. Therefore, SGIS adopted a similar approach to Société Générale Group for the adjustments related to Governments support measures due to the fact is generally operates in similar countries and environments and also relies on its parent Group’s modelizations for macroeconomic scenarios and analysis of activities. The multi-scenario approach selected for the preparation of the consolidated financial statements as at 31 December 2020 is maintained. SG Group presents a central scenario, that assumes that the social distancing measures will be lifted during the first quarter of 2022, and an alternate, protracted crisis scenario in which the sanitary precautions remain in force for one additional year.

To apply the principles for assessing expected credit losses, SG Group has continued using methodological adjustments to take account of the support packages decided upon since 2020 by public authorities.

Covid-19 impact on Market Risk

Following the Covid-19 outbreak, we noted as explained in 2020 a significant change in fair value of financial liabilities. Given the specific setup of SGIS, the notes are fully backed, meaning that the change in fair value of SGIS notes is fully reflected on asset side. Due to these hedging arrangements, there can be no impact on Profit and Loss.

Consequently, on the market risk ground, the Covid-19 situation did not have any impact. The absence of profit or loss on issuing Group Operating Portfolios (GOPs) is still monitored on a daily basis ensuring that no profit or loss remain on GOPs.

Covid-19 impact on Expected Credit Loss

Both the Statement of financial position and the off-balance sheet of SGIS are largely out of scope as regards Expected Credit Loss calculation (ECL). Financial assets (Fully Funded Swap) and options held are mandatorily measured at Fair Value through Profit and Loss (“FVTPL”) as describe in point 2.3.3.1 (classification of financial instrument).

Only a minor part of the statement of financial position is measured at amortized cost and thus subject to impairment under IFRS 9, corresponding essentially as at 30 June 2021 in term deposits with SG Luxembourg, which represent the reinvestment of the Company’s share capital, reserves and other available funds.

The amount of expected credit loss calculated on loans and receivables in accordance with IFRS 9 is not significant at KEUR 2 as at 30 June 2021 (31 December 2020: KEUR 5).

Covid-19 support measures

Given its specific activities, SGIS does not deal directly with clients, does not grant loans and its only counterpart are SGPM or Société Générale Group entities. Therefore, SGIS suffer today no impact in terms of potential downgrade in credit risk rating or in terms of granted moratorium and no specific measures has been put in place due to COVID crisis regarding credit risk nor operational risk.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to KEUR 28 757 as at 30 June 2021 (31 December 2020: KEUR 44 293) and are mainly composed of cash held with SG Luxembourg and Société Générale.

As at 30 June 2021 and 31 December 2020, this caption only contains cash that is repayable on demand.

NOTE 4 – FINANCIAL INSTRUMENTS

4.1. Financial assets at fair value through profit or loss

	30.06.2021 ('000 EUR)	31.12.2020 ('000 EUR)
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	42 710 596	43 135 651
- Trading derivatives (Options)	584 186	674 352
Total	**43 294 782**	**43 810 003**

As at 30 June 2021, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 42 710 596 (31 December 2020: KEUR 43 135 651) and replicate all the Notes issued by the Company (see Note 4.2). Differences between Fully Funded Swaps and Notes arise due to late settlements.

As at 30 June 2021, Trading derivatives (Options) amount to KEUR 584 186 (31 December 2020: KEUR 674 352) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between Options and Warrants arise due to late settlements.

As at 30 June 2021, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 43 068 441 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2020: KEUR 43 040 180) and KEUR 8 031 284 for the non-sold Warrants and the corresponding Options (31 December 2020: KEUR 9 324 545) (see Note 4.2).

The movements in financial assets at fair value through profit or loss were as follows:

	('000 EUR) Mandatorily at fair value through profit or loss	**('000 EUR) Trading derivatives**	**('000 EUR) Total**
As at 1 January 2021	**43 135 651**	**674 352**	**43 810 003**
Acquisition	14 356 715	21 866 499	36 223 214
Maturity/Disposal/Liquidation/Cancellation	(4 098 736)	(22 526 320)	(26 625 056)
Change in fair value and foreign exchange difference	(10 645 773)	(723 606)	(11 378 379)
Offsetting of Assets and Liabilities (Change)	(28 261)	1 293 261	1 265 000
As at 30 June 2021	**42 710 596**	**584 186**	**43 294 782**

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

	('000 EUR) Mandatorily at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2020	**52 893 265**	**5 786 274**	**58 679 539**
Acquisition	24 577 807	43 734 538	68 312 345
Maturity/Disposal/Liquidation/Cancellation	(15 955 857)	(48 488 524)	(64 444 381)
Change in fair value and foreign exchange difference	(5 377 903)	2 274 582	(3 103 321)
Offsetting of Assets and Liabilities (Change)	(13 001 661)	(2 632 518)	(15 634 179)
As at 31 December 2020	**43 135 651**	**674 352**	**43 810 003**

4.2. Financial liabilities at fair value through profit or loss

	30.06.2021 ('000 EUR)	31.12.2020 ('000 EUR)
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss (Notes)	42 718 588	43 146 652
- Trading derivatives (Warrants)	584 099	676 965
Total	**43 302 687**	**43 823 617**

As at 30 June 2021, the Company has issued secured and unsecured Notes for a total amount of KEUR 42 718 588 (31 December 2020: KEUR 43 146 652):

- 22 401 unsecured Notes were issued (stock) for a total amount of KEUR 37 070 578 (31 December 2020: 25 095 unsecured Notes were issued (stock) for a total amount of KEUR 37 165 082);
- 657 secured Notes were issued (stock) for a total amount of KEUR 5 648 010 (31 December 2020: 613 secured Notes were issued (stock) for a total amount of KEUR 5 981 570).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor. Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 30 June 2021, securities deposited at BNY Mellon as collateral for secured issuances amount to KEUR 4 658 894 (31 December 2020: KEUR 3 924 732).

As at 30 June 2021, the Company also issued Warrants for a total amount of KEUR 584 099 (31 December 2020: KEUR 676 965). Refer to Note 9 for further details on Off-balance sheet items related to the Warrants activity.

As at 30 June 2021, the impact of the offsetting (decrease in the balance sheet) is KEUR 43 068 441 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2020: KEUR 43 040 180) and KEUR 8 031 284 for the non-sold Warrants and the corresponding Options (31 December 2020: KEUR 9 324 545) (see Note 4.1).

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

The movements in financial liabilities at fair value through profit or loss were as follows:

	('000 EUR) Designated at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2021	**43 146 652**	**676 965**	**43 823 617**
Acquisition	14 308 232	21 822 273	36 130 505
Cancelled/Liquidation/Maturity Disposal	(4 097 043)	(22 634 422)	(26 731 465)
Change in fair value and foreign exchange difference	(10 610 992)	(573 978)	(11 184 970)
Offsetting of Assets and Liabilities (Change)	(28 261)	1 293 261	1 265 000
As at 30 June 2021	**42 718 588**	**584 099**	**43 302 687**

	('000 EUR) Designated at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2020	**52 889 867**	**5 788 693**	**58 678 560**
Acquisition	24 671 673	43 256 910	67 928 583
Cancelled/Liquidation/Maturity Disposal	(16 034 970)	(48 011 195)	(64 046 165)
Change in fair value and foreign exchange difference	(5 378 257)	2 275 075	(3 103 182)
Offsetting of Assets and Liabilities (Change)	(13 001 661)	(2 632 518)	(15 634 179)
As at 31 December 2020	**43 146 652**	**676 965**	**43 823 617**

4.3. Financial liabilities at amortised cost

As at 30 June 2021 and 31 December 2020, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000 issued by the Company and fully subscribed by SG Luxembourg, with maturity in 2022. Conversion may occur each year.

On this convertible bond, the Company pays to SG Luxembourg both variable interests calculated on Euribor 3M plus a margin of 2.05% (total rate of 1.51% as at 30 June 2021) and activity related interests. Activity related interests mean an amount equal to 100% of the activity related profit generated by the Company.

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

NOTE 5 – LOANS AND RECEIVABLES

As at 30 June 2021 and 31 December 2020, loans and receivables only consist in term deposits with SG Luxembourg, which represent the reinvestment of the Company's share capital, reserves and other available funds.

As at 30 June 2020, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR (5). As at 30 June 2021, the diminution of the expected credit losses resulted in a reversal of the IFRS9 impairment amounting to KEUR 3, as presented in the Caption reversal of Cost of Risk in the Statements of Profit and Loss.

NOTE 6 – TAXATION

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company has been part of a tax integration group led by SG Luxembourg, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SG Luxembourg. Under the Agreement, the Company pays to SG Luxembourg, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

The rate of current tax applied as of 30 June 2021 is 24.94% (30 June 2020: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the period ended 30 June 2021, tax expenses amount to KEUR 16 (30 June 2020: KEUR 47).

NOTE 7 – SHAREHOLDERS' EQUITY

7.1. Share capital and Share premium

On 30 November 2020, 100 shares were sold by SG Luxembourg to Société Générale for a total amount of EUR 4 000. SG Luxembourg still held 49 907 shares amounting to EUR 1 996 280 for which it waived its entire voting rights. As at 31 December 2020, the subscribed and fully paid share capital amounted to EUR 2 000 280, divided into 50 007 shares with nominal value of EUR 40 each.

By resolution adopted on 15 January 2021, the Executive Board decided to increase the capital of the Company from EUR 2 000 280 to EUR 2 000 320 by the issue of a new share with a nominal value of EUR 40, subscribed by SG Luxembourg. In the context of the capital increase, the 2020 activity related interests amounting to KEUR 16 926 have been allocated to the Share premium. It was then paid to the shareholders in June 2021.

As at 30 June 2021, the subscribed and fully paid share capital is EUR 2 000 320, divided into 50 008 shares with nominal value of EUR 40 each.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital amount may be increased, subject to the approval of the Shareholders, if the Company's activity evolves, incurring specific additional risks.

7.2. Reserves

7.2.1. Legal reserve

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 30 June 2021, the legal reserve amounts to KEUR 200 (31 December 2020: KEUR 200).

7.2.2. Other reserves

Since 2013, the Company is fiscally integrated in its parent company SG Luxembourg. SG Luxembourg constitutes the Net Wealth Tax reserve for the Company. As a consequence, no Net Wealth Tax reserve has been constituted by the Company since 2013.

As at 30 June 2021, the amount of other reserves amounts to KEUR 1 (31 December 2020: KEUR 0) and is mainly composed of retained earnings which were not distributed as the amount could not be divided by the number of shares.

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

NOTE 8 – COMMISSION INCOME

Commission income can be broken down as follows:

	30.06.2021 ('000 EUR)	30.06.2020 ('000 EUR)
Issuing upfront fees on Notes	17 601	19 341
Servicing fees on Notes	4 468	3 158
Commission on Warrants	1 470	2 157
Total	**23 539**	**24 656**

As at 30 June 2021, KEUR 5 836 are retained as deferred income under the caption "other liabilities" (30 June 2020: KEUR 7 861).

NOTE 9 – OFF-BALANCE SHEET

As at 30 June 2021, financial instruments to be issued (commitment taken before 30 June 2021 with value date after 30 June 2021) amount to KEUR 3 441 654 (31 December 2020: KEUR 2 498 866).

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

Warrants issuance summary

The Warrants issued as at 30 June 2021 and 31 December 2020 break down as follows:

				30 June 2021			31 December 2020		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional** (‘000 EUR)	**Fair Value** (‘000 EUR)	**Quantity**	**Notional** (‘000 EUR)	**Fair Value** (‘000 EUR)
Basket Warrant	Basket	Index	Call	1	11 781	13 339	1	11 409	12 299
Commodity Future Warrant	Future	Mutual Fund	Put	15	26 014	0	10	37 801	142
		Commodity Future	Call	6	13 682	25	6	13 251	3
			Put	12	20 421	13 032	12	19 777	10 734
Commodity Warrant		Bruts	Call	6	450 724	0	6	436 509	0
		Commodity Future	Call	1	743 427	7 477	-	-	-
		Index	Call	1	500	0	1	500	309
		Mutual Fund	Call	13	21 344	5	17	25 860	0
			Put	17	29 336	17	58	96 407	111
		Precious metals	Call	-	-	-	4	9 333	0
			Put	10	23 652	0	10	22 906	0
		Future Contract	Call	-	-	-	1	124 275	3 572
Currency Warrant	Currency	Currency	Call	47	5 695	0	60	18 978	45
			Put	60	200 710	0	85	270 190	0
Equity Warrant	Equity	American Depositary Receipt	Call	5	27 980	616	4	21 681	330
			Put	1	10	1	1	417	2
		Mutual fund	Call	3	36 893	214	2	77 778	3
		Ordinary Share	Call	1 204	19 820 048	(28 448)	1 534	21 602 883	209 139
			Put	571	6 150 550	(3 299)	814	6 622 179	(11 836)
		Own Share	Call	8	34 700	249	12	36 680	161
			Put	1	750	1	5	3 719	129
		Preference	Call	1	4 747	244	6	12 621	137
			Put	2	1 557	6	4	6 453	0

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

				30 June 2021			31 December 2020		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional** ('000 EUR)	**Fair Value** ('000 EUR)	**Quantity**	**Notional** ('000 EUR)	**Fair Value** ('000 EUR)
Real Estate Investment Trust	Real Estate Investment Trust	Real Estate Investment Trust	Call	7	139 550	105	10	94 519	82
			Put	2	1 252	18	2	1 233	42
Index Warrant	Index	Index	Call	580	24 833 796	546 920	802	29 010 394	481 932
			Put	245	10 654 102	7 666	384	7 525 299	(59 540)
Fund Warrant	Fund	Mutual Fund	Call	164	786 380	23 387	175	1 115 036	26 814
			Put	-	-	-	-	-	-
		Fund	Call	1	10 000	2 524	1	10 000	2 355
Total Call			**Call**	**2 048**	**46 941 247**	**566 657**	**2 642**	**52 621 707**	**737 182**
Total Put			**Put**	**936**	**17 108 354**	**17 442**	**1 385**	**14 606 381**	**(60 217)**
Total Warrants				**2 984**	**64 049 601**	**584 099**	**4 027**	**67 228 088**	**676 965**

NOTE 10 – RISK MANAGEMENT

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

For any further information on the risks relating to the Group, investors and/or Noteholders should refer to the "Risk and Capital Adequacy" section of the Registration Document (https://www.societegenerale.com).

10.1 Market risk

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

The Company issues Notes and Warrants. The Notes are systematically hedged with Fully Funded Swaps concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the secured / unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc. The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SG Luxembourg) with hedged interest rate risk (fixed rate contracted with SG Luxembourg**)**. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

10.2 Credit risk

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

The Company only contracts financial instruments with its parent companies, SG Luxembourg and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SG Luxembourg and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 30 June 2021 and 31 December 2020, no financial assets were past due. An Expected Credit Loss is calculated on deposits, amounting to KEUR 2 as of 30 June 2021 following a reversal of impairment of KEUR (3) on the period (see note 5).

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 30 June 2021, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

10.3 Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

10.4 Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any liquidity risk thanks to the perfect replication between the contractual obligations of:

i) The financial instruments issued by the Company; and
ii) The financial assets held for hedging by the Company.

10.5 Fair Value measurement

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the interim statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group's Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of GBIS (Global Banking and Investor Solutions), in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related Fully Funded Swaps are classified as Level 3 when the valuation of the associated embedded derivatives (underlyings of the Notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the Note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

Transfers from Level 2 to Level 3 are determined at the end of each month and occur in case of a modification within a parameter (e.g. no longer linked to the deal, modification of the observability rule of the parameter).

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

10.5.1. Estimates of Level 3 instruments and other most significant unobservable inputs as at 30 June 2021 (by type of underlyings)

Type of underlyings	**Assets** In KEUR	**Liabilities** In KEUR	**Main products**	**Valuation techniques used**	**Significant unobservable inputs**	**Range of inputs Min & Max**
Equity / Funds	16 155 276	16 170 114	Derivatives on funds, equities or baskets of stocks derivatives on funds, equities or baskets of stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[10.0% ; 190.7%]
					Equity dividends	[0.0% ; 13.6%]
					Unobservable correlations	[-95.3% ;100%]
					Hedge funds volatilities	[7.1% ; 20.0%]
					Mutual fund volatilities	[1.7% ; 26.1%]
Rates, Forex and others	4 021 521	4 020 710	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-45.99% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[0.0% ; 28.5%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Inflation correlations	[55.0% ; 88.90%]
Credit	4 034 496	4 047 848	Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
					Recovery rate variance for single name underlyings	[0% ; 100%]
			Other credit derivatives	Credit default models	Time to default correlations	[0% ; 100%]
					Quanto correlations	[-50% ; 40%]
					Unobservable credit spreads	[0 bps ; 1 000 bps]
Commodity	1 522	1 522	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	0
Total	**24 212 815**	**24 240 194**				

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments. However, by its very nature, and considering mirror transactions are concluded with Société Générale to hedge the financial liabilities issued by the Company, the Company has no market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit or net equity of the Company.

Moreover, changes in an unobservable parameter would have by underlying a mirror effect on both assets and liabilities.

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

10.5.2 Analysis per remaining maturities

As at 30 June 2021, analysis per remaining maturities is as follows:

30.06.2021 - EUR' 000	< 3 months	From 3 months to 1 year	From 1 to 5 years	> 5 years	Total
Cash and cash equivalents	28 757	-	-	-	**28 757**
Financial assets at fair value through profit or loss					
- Mandatorily at fair value through profit or loss	2 966 956	6 648 895	15 718 666	17 376 079	**42 710 596**
- Trading derivatives	161 504	120 261	232 545	69 876	**584 186**
Loans and receivables	-	48 200	803	1 000	**50 003**
Other assets	310 632	-	-	-	**310 632**
Total assets	**3 467 849**	**6 817 356**	**15 952 014**	**17 446 955**	**43 684 174**
Financial liabilities at amortised cost	217	61 633	-	-	**61 850**
Financial liabilities at fair value through profit or loss					
- Designated at fair value through profit or loss	2 962 598	6 648 925	15 717 794	17 389 271	**42 718 588**
- Trading derivatives	192 303	101 036	201 125	89 635	**584 099**
Other liabilities	317 303	-	-	-	**317 303**
Tax liabilities	92	-	-	-	**92**
Total liabilities	**3 472 513**	**6 811 594**	**15 918 919**	**17 478 906**	**43 681 932**

As at 31 December 2020, analysis per remaining maturities is as follows:

31.12.2020 - EUR' 000	< 3 months	From 3 months to 1 year	From 1 to 5 years	> 5 years	Without fixed maturity	Total
Cash and cash equivalents	44 293	-	-	-	-	44 293
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	3 402 805	8 286 764	16 244 254	15 201 828	-	43 135 651
- *Trading derivatives*	76 606	199 233	335 032	63 481	-	674 352
Loans and receivables		200	48 702	1 000		49 902
Other assets	835 571	-	-	-	-	835 571
Total assets	**4 359 275**	**8 486 197**	**16 627 988**	**15 266 309**	**-**	**44 739 769**
Financial liabilities at amortised cost	405	16 937	48 000	-	-	65 342
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	3 406 716	8 286 877	16 243 680	15 209 379	-	43 146 652
- *Trading derivatives*	86 103	198 394	329 063	63 405	-	676 965
Other liabilities	848 336	-	-	-	-	848 336
Tax liabilities	75	-	-	-	-	75
Total liabilities	**4 341 635**	**8 502 208**	**16 620 743**	**15 272 784**	**-**	**44 737 370**

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

10.5.3 Carrying amounts and fair values of assets and liabilities not measured at fair value in the interim statement of financial position

30.06.2021 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	28 757	28 757
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	42 710 596	42 710 596
- *Trading derivatives*	584 186	584 186
Loans and receivables *	50 003	50 630
Other assets	310 632	310 632
Total	**43 684 174**	**43 684 801**
Financial liabilities at amortised cost *	61 850	62 384
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	42 718 588	42 718 588
- *Trading derivatives*	584 099	584 099
Other liabilities	317 303	317 303
Tax liabilities	92	92
Total	**43 681 932**	**43 682 466**

31.12.2020 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	44 293	44 293
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	43 135 651	43 135 651
- *Trading derivatives*	674 352	674 352
Loans and receivables *	49 902	51 057
Other assets	835 571	835 571
Total assets	**44 739 769**	**44 740 924**
Financial liabilities at amortised cost *	65 342	66 995
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	43 146 652	43 146 652
- *Trading derivatives*	676 965	676 965
Other liabilities	848 336	848 336
Tax liabilities	75	75
Total	**44 737 370**	**44 739 023**

* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale credit spread curve provided by Risk department Paris).

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

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

10.5.4 The fair value hierarchy of IFRS 13

As at 30 June 2021, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

30.06.2021 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Mandatorily at fair value through profit or loss	**-**	**18 929 498**	**23 781 098**	**42 710 596**
Commodities instruments	-	68 514	1 522	70 036
Credit derivatives/securities	-	703 581	3 583 728	4 287 309
Equity and index securities	-	15 882 627	15 750 682	31 633 309
Foreign exchange instruments/securities	-	731 268	283 034	1 014 302
Interest rate instruments/securities	-	1 384 399	3 738 487	5 122 886
Other financial instruments	-	159 109	423 645	582 754
- Trading derivatives	**-**	**152 469**	**431 717**	**584 186**
Equity and Index instruments	-	144 425	404 594	549 019
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	8 044	27 123	35 167
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss	**-**	**18 936 880**	**23 781 708**	**42 718 588**
Commodities instruments	-	68 514	1 522	70 036
Credit derivatives/securities	-	702 915	3 583 812	4 286 727
Equity and index securities	-	15 887 370	15 752 016	31 639 386
Foreign exchange instruments / securities	-	731 022	282 959	1 013 981
Interest rate instruments/securities	-	1 384 450	3 737 751	5 122 201
Other financial instruments	-	162 609	423 648	586 257
- Trading derivatives	**-**	**125 613**	**458 486**	**584 099**
Equity and Index instruments	-	114 492	418 098	532 590
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	11 121	40 388	51 509

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

As at 31 December 2020, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2020 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Mandatorily at fair value through profit or loss		**16 742 790**	**26 392 861**	**43 135 651**
Commodities instruments	-	65 635	5 146	70 781
Credit derivatives/securities	-	757 733	3 868 234	4 625 967
Equity and index securities	-	13 294 655	17 941 949	31 236 604
Foreign exchange instruments/securities	-	769 582	1 507 575	2 277 157
Interest rate instruments/securities	-	1 540 967	2 557 228	4 098 195
Other financial instruments	-	314 218	512 729	826 947
- Trading derivatives		**293 242**	**381 110**	**674 352**
Equity and Index instruments	-	283 580	352 688	636 268
Foreign exchange instruments / securities	-	121	-	121
Other financial instruments	-	9 541	28 422	37 963
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss		**16 756 021**	**26 390 631**	**43 146 652**
Commodities instruments	-	65 635	5 146	70 781
Credit derivatives/securities	-	758 637	3 867 054	4 625 691
Equity and index securities	-	13 300 879	17 941 049	31 241 928
Foreign exchange instruments/securities	-	769 390	1 507 425	2 276 815
Interest rate instruments/securities	-	1 541 023	2 557 228	4 098 251
Other financial instrument	-	320 457	512 729	833 186
- Trading derivatives		**283 392**	**393 573**	**676 965**
Equity and Index instruments	-	275 506	357 534	633 040
Foreign exchange instruments / securities	-	45	-	45
Other financial instruments	-	7 841	36 039	43 880

Notes to the condensed interim financial statements (continued)
For the six-month period ended 30 June 2021

The following table describes the variation in Level 3 by financial instruments (in KEUR):

Financial liabilities at fair value through profit or loss	**Balance at 01.01.2021**	Acquisitions	Change in fair value	Reimbursements	Transfers from L2 to L3	Transfers from L3 to L2	Offsetting of the assets and liabilities	**Balance at 30.06.2021**
Designated at fair value through profit or loss	**26 390 631**	**15 505 814**	**(1 637 774)**	**(9 015 832)**	**1 137 728**	**(3 687 798)**	**(4 911 061)**	**23 781 708**
Equity and index instruments	17 941 049	13 132 072	(1 343 353)	(7 575 702)	978 510	(2 526 849)	(4 853 711)	**15 752 016**
Commodities securities	5 146	-	642	(3 374)	-	(1 476)	584	**1 522**
Credit derivatives	3 867 054	226 791	(60 918)	(601 587)	140 067	(335 923)	348 328	**3 583 812**
Foreign exchange instruments	1 507 425	37 140	55 580	(463 163)	7 462	(226 778)	(634 707)	**282 959**
Interest rate instruments	2 557 228	1 917 893	(270 959)	(204 935)	341	(592 706)	330 889	**3 737 751**
Other financial instruments	512 729	191 918	(18 766)	(167 071)	11 348	(4 066)	(102 444)	**423 648**
Trading derivatives	**393 573**	**(7 927)**	**(105 776)**	**187 151**	**755**	**-**	**(9 290)**	**458 486**
Equity and index instruments	357 534	(4 418)	(123 180)	191 505	688	-	(4 031)	**418 098**
Other financial instruments	36 039	(3 509)	17 404	(4 354)	67	-	(5 259)	**40 388**

The variations in Level 3 financial assets are similar.

Transfers from Level 3 to Level 2

The consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from Level 2 to Level 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc…).The transfers from Level 2 to Level 3 during the six-month period ended 30 June 2021 are also explained by an in-depth review of all the models used by the Group.

10.6 Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collecting internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.

These procedures are supplemented by a crisis management unit and a business continuity plan.

NOTE 11 – INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees.

NOTE 12 – SUBSEQUENT EVENTS

Since the end of the last financial period, no subsequent significant event occurred.