Société Générale Effekten GmbH
Frankfurt am Main

Group Management Report
for the financial half-year from January 1 to June 30, 2022

A. Basic information about the Group

I. Preliminary remarks

Société Générale Effekten GmbH (SGE), Frankfurt am Main, acquired the interests in Société Générale Securities Services GmbH (SGSS), Aschheim, and ALD Lease Finanz GmbH (ALD LF), Hamburg, including its subsidiaries, with the execution of the purchase agreement on January 1, 2017. Based on the rules set forth under section 290 of the German Commercial Code (Handelsgesetzbuch, HGB) and section 117 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), SGE is obligated to prepare consolidated financial statements and a Group Management Report at June 30, 2022.

II. Business model

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

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

On November 8, 2018, the Société Générale Group signed an agreement in which Société Générale undertook to acquire Commerzbank's Equity Markets & Commodities business (EMC). SGE assumed all rights and obligations of Commerzbank as the issuer of the transferred securities as of March 30, 2020.

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

The parent company guarantee can be found at:

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

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

Due to the introduction of the “European passport” and the fact that the responsible supervisory authority (BaFin) only has to approve the securities prospectus once, the Company can list its products on various stock exchanges in the European Union (stock exchanges in Madrid, Milan, Paris, Luxembourg, London, Stockholm, Helsinki, Lisbon, Amsterdam, and others). In the event of a listing on a stock exchange in a country that is not a member of the European Union, approval is obtained from the corresponding supervisory authority of the respective country. A listing of the Company’s issues in a regulated market within the meaning of the EU Prospectus Directive was obtained in connection with the acquisition of the EMC business from Commerzbank. The Company still intends to obtain listings in unregulated stock exchange sections such as over-the-counter trading on stock exchanges in Germany.

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

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

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

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

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

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

III. Branches

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

IV. Internal management system

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

B. Economic report

I. General economic and sector-specific environment

The German economy has been recovering from the past waves of the coronavirus pandemic since the beginning of the year. After a modest contraction of 0.3% in the final quarter of 2021, the country's economic output expanded again already in the first quarter of 2022. The service sectors of the economy began to take off already in January. Germany's gross domestic product (GDP) expanded in the first quarter of 2022 by 0.8% from the fourth quarter of 2021.[1] The construction sector also got off to a strong start in 2022, benefiting from full order books and a mild winter.[2] The country's gross domestic product (GDP) expanded by 0.1% in the second quarter of 2022.[3]

By contrast, the economic output of the manufacturing sector stagnated in the first quarter of 2022, in a noticeable sign of the first effects of the war in Ukraine. Exports to Russia plummeted in March due to the sanctions imposed on that country. This circumstance caused Germany's exports of goods to fall by 1.2% within a month. The war has also exacerbated the problems affecting the supply of raw materials and inputs which have plagued the sector since last year. The automotive industry in particular had to curtail production in March. The delivery bottlenecks and sharply higher energy prices have increased production costs and therefore producer prices significantly. Consequently, new orders booked by industrial enterprises have declined since the beginning of the year. The high inflation rates have begun to affect consumer spending as well.

The inflation rate in Germany reached 7.9% in May 2022, 7.6% in June, and 7.5% in July. For August, the German Federal Statistical Office anticipates an inflation rate of 7.9%.[4] In addition to energy prices, food prices in particular have risen sharply in the last few months. But even the prices of other goods and services have risen at above-average rates. The resulting loss of purchasing power of private households led to reduced consumption of goods at the start of the year.[5]

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[1] German Federal Statistical Office. (07/29/2022). Bruttoinlandsprodukt stagniert im 2. Quartal 2022 ("Gross Domestic Product Stagnates in Q2 2022"). https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/07/PD22_322_811.html (08/18/2022).

[2] Ifo Institute. (06/15/2022). Ifo Konjunkturprognose Sommer 2022: Inflation, Lieferengpässe und Krieg bremsen wirtschaftliche Erholung in Deutschland. ("Ifo Economic Forecast Summer 2022: Inflation, Supply Bottlenecks, and War Impede the Economic Recovery in Germany"). https://www.ifo.de/fakten/2022-06-15/ifo-konjunkturprognose-sommer-2022-inflation-lieferengpaesse-und-krieg-bremsen (08/10/2022).

[3] German Federal Statistical Office. (08/25/2022). Bruttoinlandsprodukt: Ausführliche Ergebnisse zur Wirtschaftsleistung im 2. Quartal 2022. ("Gross Domestic Product: Detailed Findings on Economic Output in Q2 2022") https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/08/PD22_357_811.html (09/01/2022).

[4] German Federal Statistical Office. (08/30/2022). Inflationsrate im August 2022 voraussichtlich +7,9%. ("Inflation Rate Expected to Hit +7.9% in August 2022"). https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/08/PD22_366_611.html (09/01/2022).

[5] Ifo Institute. (06/15/2022). Ifo Konjunkturprognose Sommer 2022: Inflation, Lieferengpässe und Krieg bremsen wirtschaftliche Erholung in Deutschland. ("Ifo Economic Forecast Summer 2022: Inflation, Supply Bottlenecks, and War Impede the

Economic developments outside of Germany, especially in China and the United States, play a key role for the German economy. China's economic growth slowed markedly in the second quarter of 2022 due to strict coronavirus measures. According to the Beijing Statistical Office, the country's gross domestic product (GDP) expanded by only 0.4% over the year-ago level. This is the lowest rate of economic growth since the start of the coronavirus pandemic. China's economy grew by only 4.8% in the first quarter of 2022.[6] To stimulate the economy, China's central bank lowered the one-year bank funding rate by 10 basis points to 2.75% on August 15, 2022.[7] The U.S. economy contracted in the first quarter of 2022. The country's gross domestic product (GDP) declined at a stronger-than-expected annualized rate of 1.6% in the first quarter and at an annualized rate of 0.9% in the second quarter. Thus, the United States has experienced two consecutive quarters of declining economic output.[8] Despite the record inflation and the war in Ukraine, the Eurozone economy expanded at a much faster rate than expected. The gross domestic product (GDP) of the Eurozone increased by 0.7% and that of the European Union by 0.6% in the second quarter. Eurozone GDP had risen by 0.5% and EU GDP by 0.6% in the first quarter. Compared to the year-ago quarter, economic output in both the Eurozone and the European Union increased by 4.0%.[9] Nonetheless, the war is having an adverse effect on the EU economy, slowing growth and leading to higher inflation.[10]

The European Central Bank (ECB) raised Eurozone interest rates for the first time in 11 years to combat the record inflation. Thus, the era of negative interest rates has come to an end. Effective July 27, 2022, the interest rate for main refinancing operations rose to 0.50% and the deposit facility rate rose to 0%.[11]

The previous legal basis for most coronavirus protection measures expired on March 19, 2022. Thus, the rule requiring vaccination, recovery, or testing as a precondition for entering the workplace ended, as did the work-from-home requirement.[12]

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

Economic Recovery in Germany"). https://www.ifo.de/fakten/2022-06-15/ifo-konjunkturprognose-sommer-2022-inflation-lieferengpaesse-und-krieg-bremsen (08/10/2022).

[6] Manager Magazin. (07/15/2022). Chinas Wirtschaft wächst kaum noch. ("China's Economy Is Hardly Growing At All). https://www.manager-magazin.de/politik/weltwirtschaft/china-null-covid-politik-drueckt-das-wirtschaftswachstum-erneut-a-16cf1b4b-508b-45b7-bc16-d56825060cc8 (08/15/2022).

[7] Manager Magazin. (08/15/2022). Chinas Wirtschaft schwächelt im Juli. ("China's Economy Falters in July"). https://www.manager-magazin.de/politik/weltwirtschaft/china-wirtschaft-schwaechelt-im-juli-erneut-zentralbank-senkt-zinsen-a-f16e68fa-fa09-4da8-9e61-77cb91580651 (08/15/2022).

[8] Manager Magazin. (07/28/2022). US-Wirtschaft fällt in technische Rezession. ("U.S. Economy Falls into Technical Recession"). https://www.manager magazin.de/politik/weltwirtschaft/us-wirtschaft-gleitet-in-eine-rezession-ab-a-81b9435d-266f-4dd6-82c3-138eb3ad1a5f (08/15/2022).

[9] Handelsblatt. (07/29/2022). Wirtschaft im Euroraum wächst im zweiten Quartal überraschend stark. ("Eurozone Economy Grows at a Surprising Strong Rate in the Second Quarter'). https://www.handelsblatt.com/politik/konjunktur/nachrichten/konjunktur-wirtschaft-im-euroraum-waechst-im-zweiten-quartal-ueberraschend-stark/28559606.html (08/16/2022), Eurostat. (07/29/2022). BIP im Euroraum um 0,7% und in der EU um 0,6% gestiegen. ("Eurozone GDP Expands by 0.7% and EU Economy by 0.6%"). https://ec.europa.eu/eurostat/documents/2995521/14644653/2-29072022-BP-DE.pdf/2b5fddaf-57a7-dc56-a411-3f46586b5208?t=1659080538280 (08/16/2022).

[10] European Commission. (07/14/2022). Wirtschaftsprognose Sommer 2022: Russlands Krieg trübt konjunkturelle Aussichten ein. ("Economic Forecast Summer 2022: Russia's War Dims Economic Outlook"). https://ec.europa.eu/commission/presscorner/detail/de/ip_22_4511 (08/19/2022).

[11] European Central Bank. (07/21/2022). Press Release: Monetary Policy Resolutions. https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.mp220721~53e5bdd317.de.html#:~:text=EZB%2DLeitzinsen&text=Dementsprechend%20werden%20der%20Zinssatz%20f%C3%BCr,0%2C00%20%25%20erh%C3%B6ht. (08/16/2022).

[12] German Federal Government. (03/30/2022). Mehr Normalität im Alltag. ("More Normalcy in Everyday Life"). https://www.bundesregierung.de/breg- de/suche/infektionsschutzgesetz-2013038 (08/17/2022).

Issuance business

SGE is one of the 10 leading issuers of derivative securities in Germany. As a part of Société Générale's Global Banking and Investor Solutions segment, it is the global leader in the segments for derivative and structured products.

The goal of integrating the EMC business was to extend the Company's position in the German market and become the leading issuer in the European market for listed products.

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

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

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

According to a European Union Directive (2020/1989), the Company is obligated to publish its consolidated financial statements and Group management report in the new European Single Electronic Format (ESEF) in the German Federal Gazette (Bundesanzeiger).

Automobile industry

As of June 30, 2022, 1,237,975 new passenger cars were registered in Germany, 11.0% fewer than in the previous year. The renewed decline in registration numbers was caused by the continuing coronavirus pandemic, the resulting supply chain problems, and the Ukraine conflict. Whereas the registration numbers were 4.6% below the year-ago figure in the first quarter, they declined further in the second quarter.

64.3% (PY: +67.3% from H1 2021) of new cars were registered to commercial owners and 35.7% (+32.7% from H1 2021) were registered to private individuals.

The percentage of total new registrations representing pure electric vehicles rose further from 22.5% in 2021 to 24.7% in 2022. New registrations of battery-electric vehicles (BEVs) accounted for 13.5% of all new registrations, reflecting a 26.2% increase from the year-ago period. The number of newly registered gasoline-powered passenger cars declined by 23.2%, accounting now for 37.0% of new registrations. Having declined by 22.3%, new diesel-powered cars accounted for 18.9% of new registrations.

Among the German brands, only Porsche cars gained from the previous year (+3.2%). Mercedes (-4.4%) and Audi (-5.0%) fared somewhat better than the overall market. VW (-18.9%) and Smart (-38.9%) sustained big losses.

Among the import brands, Polestar (+143.5%), Dacia (+45.0%), Tesla (+32.6%), and Honda (+27.5%) saw considerably higher new registration numbers. New registrations of Suzuki (-44.7%), Peugeot (-27.9%), and Renault (-27.9%) vehicles were substantially lower.

Title transfers came to 2,875,043, 14.6% less than in the previous year.

Clearly, the German motor vehicle trade did not benefit from the currently positive sentiment index of brand-name dealerships published by the trade magazine *Kfz-betrieb*, which came to 97 points at June 30, 2022, identical to the year-ago value (97 points).

As a brand-independent automobile financier, the Group entity ALD LF also generated lower revenues in the reporting period (-14.4%). This rate of decline is greater than that of the overall automobile industry. Together with the subsidiary BDK, ALD LF remains the number two in the market of brand-independent automobile financiers.

Asset Management

The performance of the German investment fund industry in the first half of 2022 was notably influenced by the continuing coronavirus pandemic and the Ukraine conflict. Assets under management (excluding open-end real estate funds) decreased by 7.6% to EUR 3,574 billion EUR (PY: EUR 3,847 billion). This figure included net fund inflows of EUR 46 billion (PY: EUR 100 billion) and capital depreciation of EUR 319 billion. The net fund inflows of EUR 46 billion break down as follows: EUR 5 billion to mutual funds, EUR 49 billion to restricted funds reserved for institutional investors, and EUR -8 billion to assets outside of investment funds.

II. Business performance

Global Banking and Investor Solutions

Issuance activity in the first half of financial year 2022 increased by 49% from the first half of last year (H1 2022: 301,384 issued products; H1 2021: 202,584 issued products).

A total of 17,315 investment products were issued in the first half of financial year 2022 (PY: 14,778). In the class of products without capital protection, 8,350 products were issued as discount certificates, 5,952 products as bonus certificates, 2,735 products as reverse convertibles, 154 products as express certificates, 109 products as index/participation certificates, and 1 product as outperformance/sprint certificate. In the class of products with capital protection, 8 products were issued on structured bonds and 6 products on capital protection certificates.

In addition, 284,069 leverage products were issued (PY: 187,806). In addition to 165,561 products with knock-out options, 91,621 products on warrants and 26,887 products on factor certificates were issued in the class of products without knock-out options.

The German market accounted for 76% and foreign markets accounted for 24% (of which France 36%; Scandinavian market 33%, Switzerland 14%, Benelux 13%, Iberian market 3%, Italy and United Kingdom less than 1%) of the increase in the issuance volume.

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

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

Financial Services to Corporates and Retails

Compared to the first half of financial year 2021, new sales financing business increased by EUR 76 million (+11.5%) to a total of EUR 737 million in the first half of financial year 2022.

Sales financing receivables rose modestly to EUR 3,964 million (PY: EUR 3,910 million) while the number of credit agreements in force declined by 3.7% to 345,886.

The managed purchasing financing portfolio has grown steadily since the beginning of the year, reaching EUR 463 million at the end of the first half of financial year 2022.

Overall, new business and existing business exhibited a weaker development than expected in the previous year’s report.

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

Financial year	2017	2018	2019	2020	2021	H1 2022
Portfolio additions	22,435	23,621	22,886	19,456	17,024	6,882
Vehicle portfolio	67,021	73,490	76,947	75,141	67,782	64,053

Asset Management

Considering the effects of the coronavirus pandemic and the Ukraine crisis, the performance of the Asset Management segment in the first half of the year was acceptable. Net banking income declined by 25.9% from the year-ago period to EUR 10.3 million. Most of the decrease in net banking income is attributable to the reduction of the Master AMC business. It will not yet be possible in financial year 2022 to offset the decrease in income with cost savings. The operating loss at June 30, 2022 amounted to EUR 6.7 million.

Operating expenses declined by 5.3% to EUR 16.7 million. Cost savings were achieved particularly in wages and salaries, external consulting expenses, and Other administrative expenses.

Overall assessment

In consideration of the developments in the individual segments described above, the Group’s business performance in the first half of 2022 was positive on the whole from the perspective of the management despite the difficult economic conditions resulting from the coronavirus pandemic, the Ukraine-Russia conflict, and the high rates of inflation.

III. Financial position, cash flows and financial performance

a) Financial performance

The financial performance of the SGE Group presented in the table below covers the period from January 1 to June 30, 2022.

	EUR million 06/30/2022	EUR million 06/30/2021
Net interest income	81	81
Net commission income	26	28
Net result from financial transactions	(9)	0
Result from other activities	(9)	(16)
Net banking income	**89**	**94**
Personnel expenses	(34)	(34)
Other administrative expenses	(22)	(19)
Depreciation, amortization and impairments	(3)	(3)
Gross operating result	**30**	**37**
Risk expenses	(4)	(1)
Operating results	**26**	**36**
Profit/loss before taxes	**26**	**36**
Net profit/loss (Group share)	**7**	**36**

Net interest income in the first half of 2022 amounted to EUR 81 million and can be attributed primarily to the lending and leasing business in the Financial Services to Corporates and Retail segment. Net commission income in the first half of 2022 amounted to EUR 26 million.

The result from other activities in the amount of EUR -9 million can be attributed mainly to the Financial Services to Corporates and Retail segment and comprises in particular expenses and income from operating leases in connection with lessor relationships.

Consolidated net banking income amounted to EUR 89 million.

Key expense items in the Group include personnel expenses and other administrative expenses. Personnel expenses amounted to EUR 34 million and other administrative expenses amounted to EUR 22 million. In both cases, these expenses were primarily incurred in the Financial Services to Corporates and Retail and Asset Management segments.

The Group’s net profit after non-controlling interests came to EUR 7 million in the first half of 2022.

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

Global Banking and Investor Solutions

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

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

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

This segment incurred a loss of EUR 9.3 million in the first half of 2022. This can be attributed mainly to the difference in income collected under the cost-plus method, losses on financial instruments measured at fair value through profit or loss, and the interest expenses of EUR 1.8 million on the loan extended by Société Générale S.A. Frankfurt for the acquisition of interests in ALD LF and SGSS.

The financial performance developed in line with the business plan.

Financial Services to Corporates and Retails

Net interest income amounted to EUR 82.7 million in the first half of financial year 2022, little changed from the year-ago period.

Net commission income amounted to EUR 16.0 million, which was higher than the year-ago figure due to the increased volume of new business compared to the year-ago period and the correspondingly higher amount of commission income generated on insurance brokerage activity.

Risk provisions were significantly less, by EUR 1.8 million, than the budgeted figure.

Overall, the segment’s net profit of EUR 23.0 million was higher than the budgeted result for the first half of the financial year due to the low level of risk expenses.

Asset Management

The Asset Management segment generated net banking income of EUR 10.3 million in the first half of 2022. It was mainly composed of net commission income from insourcing and the Master AMC business. Net interest income came to EUR 0.1 million.

Administrative expenses amounted to EUR 17.0 million in the first half of 2022. They were mainly composed of personnel expenses in the amount of EUR 6.7 million and other administrative expenses in the amount of EUR 10.0 million.

Including depreciation and amortization, other expenses, and income from other activities, the segment generated an operating loss of EUR 6.7 million in the period ended June 30, 2022.

b) Cash flows and liquidity position

The nature and execution of the Group’s business activities are oriented toward ensuring that its liquidity position is always sufficient.

Liabilities from the issuance of certificates and warrants are generally hedged using financial instruments with matching maturities denominated in the same currency and with identical price risks.

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

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

In accordance with the business plan, credit lines were also agreed with Société Générale S.A. and other financial institutions in order to ensure fundamental liquidity. As of the reporting date, SG Effekten disposed of a credit line with Société Générale S.A. Frankfurt Branch in the amount of EUR 10 million, of which EUR 2.3 million had been drawn down, as well as credit lines in the Financial Services to Corporates and Retails segment in the amount of EUR 7,325 million, of which EUR 2,289 million had not been drawn down.

In the Financial Services to Corporates and Retails segment, we also use the instrument of the securitization of loan receivables. To date, we have bundled and publicly placed receivables in 8 structures under the name “Red & Black”, which is used for securitizations on the part of the Société Générale Group. There were four active structures at the reporting date (PY: three active structures). We present liabilities to the special-purpose entities resulting from securitization under “Liabilities to customers”. At the reporting date, these amounted to EUR 1,625 million (PY: EUR 2,082 million).

As of June 30, 2022, the Group held cash and cash equivalents in the amount of EUR 168.5 million (January 1, 2022: EUR 123.5 million) (see Note 4.4).

As of June 30, 2022, liabilities to banks increased to EUR 3,834 million (January 1, 2020: EUR 3,448 million) mainly as a result of higher term deposits.

The Other liabilities increased by EUR 61 million compared to December 31, 2021 to EUR 236 million (see Note 5.3).

The provisions in the amount of EUR 98.4 million (January 1, 2022: EUR 98.8 million) mainly include provisions for legal disputes.

c) Financial position

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

Compared to December 31, 2021, total assets declined by EUR 666 million to EUR 7,946 million. This decline resulted mainly from the decrease in financial assets measured at fair value through profit or loss.

Compared to December 31, 2021, receivables from customers increased by EUR 24 million to EUR 4,373 million. These receivables mainly consist of installment loans related to sales financing in the segment of Financial Services to Corporates and Retails. The installment loans extended for sales financing have fixed terms and interest rates.

Receivables from banks in the amount of EUR 188 million consisted primarily of short-term deposits with Société Générale S.A. and Deutsche Bank AG.

The non-current assets of EUR 520.4 million (December 31, 2021: EUR 572.2 million) consisted mainly of leased assets in the amount of EUR 494.1 million (December 31, 2021: EUR 544.5 million) and intangible assets in the amount of EUR 2.2 million (December 31, 2021: EUR 2.6 million).

Receivables from leases amounted to EUR 451.5 million at June 30, 2022 (December 31, 2021: EUR 451.6 million).

The Other assets (EUR 205 million) consisted mainly of prepaid expenses in the amount of EUR 97 million (December 31, 2021: EUR 94 million) and other receivables in the amount of EUR 111 million (December 31, 2021: EUR 115 million).

Liabilities in the amount of EUR 7,884 million consisted mainly of financial liabilities measured at fair value through profit or loss in the amount of EUR 2,092 million and liabilities to banks in the amount of EUR 3,834 million resulting from the funding of lending and leasing activities and the borrowing of loans to acquire subsidiaries.

The Group's equity at June 30, 2022 amounted to EUR 62 million (December 31, 2021: EUR 20 million). We refer to Note 8 of the notes to the consolidated financial statements and the statement of changes in equity for more information.

Overall assessment

Based on the developments in the individual segments described above, the Group's business performance and its financial position, financial performance and cash flows in the first half of 2022 are to be assessed as positive on the whole from the perspective of the management. Fulfillment of the forecasts announced in 2021 for the first half of financial year 2022 was hampered still by the effects of the Covid-19 pandemic, the Ukraine-Russia conflict, and the high rates of inflation. Nonetheless, the forecasts were largely fulfilled despite the difficult economic environment.

IV. Financial/ non-financial performance indicators

Global Banking and Investor Solutions

SGE, which makes up the Global Banking and Investor Solutions segment, is a pure issuance vehicle within the Société Générale S.A. Group, which generates its income from the cost-plus agreements in effect with Société Générale S.A. Paris and Société Générale Frankfurt. The issuance vehicle is managed on the basis of engineering new products and the related targeted placement of securities with investors (increasing the placement rate).

The Company's internal management system is mainly operated through the systems and control procedures of the parent company. As part of its efforts to enhance operational efficiency, the parent company continuously adjusts the existing systems and control processes and supplements these controls as needed. Extensive improvements in the execution of the issuance process have led to efficiency enhancements that were necessary for increasing the issuance volume (e.g., Security Box).

Financial accounting processes and the related controls have also been adapted to suit the increased volume and extended to other European markets (primarily the expansion of issuance activity to Scandinavia and Western Europe).

No other non-financial performance indicators are used.

Financial Services to Corporates and Retails

The net profit before profit transfer of the individual companies and return on equity (RoE) are used as financial performance indicators in the Financial Services to Corporates and Retail segment. RoE is the ratio of the result after taxes including subsidiaries to normalized equity. At this level, RoE for the first half of financial year 2022 is 17.1%.

The number of new contracts in the leasing business represents another key figure. In the first half of financial year 2022, 6,882 new lease contracts were concluded. The portfolio of lease contracts declined by 11% from 72,128 to 64,053 lease contracts.

Asset Management

The fund assets managed in self-managed mutual funds, special funds, and restricted funds, including funds of funds of SGSS (AUM), amounted to approx. EUR 38 billion at June 30, 2022. The change of approx. EUR 19.7 billion from the previous year (-34%) resulted mainly from the reduction of the Master AMC business. At June 30, 2022, managed assets in direct investments remained stable at approx. EUR 3 billion.

The fund assets managed for other asset management companies (insourcing) amounted to approx. EUR 29.9 billion at June 30, 2022. Consequently, the corresponding volumes decreased by around EUR 5 billion from the prior-year level. The lower volumes resulted mainly from the development of financial markets. Total managed assets amounted to approx. EUR 71.3 billion at June 30, 2022 (EUR 95.9 billion in the prior year).

The results of the Key Performance Indicators (KPIs) defined for our customers were good, as in the prior year, with only a few KPI breaches. In total, 97.4% (PY: 97%) of all KPIs were fulfilled.

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

I. Expected development of the Group (Forecast Report)

General economic developments

Economic growth was clearly impaired by the difficult global economic conditions amid the continuing coronavirus pandemic, disrupted supply chains, rising prices, and the war in Ukraine.[13] According to the forecast of the International Monetary Fund (IMF), Germany's gross domestic product is only expected to grow by 1.2%. Earlier, in May, the IMF had predicted economic growth of around 2% for 2023 and 2022.[14] Europe's economic growth has likewise suffered from the repercussions of the war in Ukraine. The EU Commission only expects GDP growth of 2.7% in 2022 and 1.5% in 2023.

Although the rate of inflation weakened slightly in June and July, it remained at a high level above 7%. As before, the high rate of inflation was mainly driven by price increases for energy products (fuels, electricity, natural gas, and light heating oil). The German government has taken measures to counter inflation. Two measures of the relief package in particular have modestly slowed the overall rate of inflation since June 2022: the nine-euro ticket and the fuel discount. In addition, the Renewable Energy Act levy was suspended in July. Aside from exceptional factors, the rate of inflation is still mainly driven by the rising prices for all energy products as a result of the war and crisis situation. The situation has been exacerbated by supply bottlenecks resulting from supply chain disruptions and sharply higher prices in upstream economic sectors. Consequently, the prices of not only energy products, but also other goods and services, particularly including many categories of food, are rising considerably.[15] For Germany, the EU Commission anticipates a full-year inflation rate of 7.9% in 2022 and 4.8% in 2023. According to the EU Commission's calculations, the Eurozone inflation rate will rise to a new record level this year. Average annual inflation is expected to reach 7.6% in the Eurozone and 8.3% in the European Union.[16]

The labor market in Germany will continue to recover from the coronavirus pandemic. However, this recovery will be hampered significantly by the war in Ukraine, short supplies of important inputs and intermediate products, and a worsening shortage of skilled workers. The number of employed persons is likely to increase by around 626,000 in 2022 and 190,000 in 2023. There will be around 302,000 fewer registered job seekers this year compared to last year; this number is expected to decrease by a further 24,000 in 2023. Consequently, the unemployment rate of 5.7% measured in 2021 will fall to an average rate of 5.0% in the years 2022 and 2023.[17]

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[13] German Federal Statistical Office. (07/29/2022). Bruttoinlandsprodukt stagniert im 2. Quartal 2022. ("Gross Domestic Product Stagnates in Q2 2022"). https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/07/PD22_322_811.html (08/18/2022).

[14] Manager Magazin. (07/26/2022). IWF senkt den Daumen über Deutschland. ("IMF Gives Thumbs Down on Germany"). https://www.manager-magazin.de/politik/weltwirtschaft/internationaler-waehrungsfonds-iwf-senkt-wachstumsprognose-fuer-deutschland-drastisch-a-c0329994-e02a-4d94-a5e7-4b262bd10b70 (08/18/2022).

[15] German Federal Statistical Office. (08/10/2022). Inflationsrate im Juli 2022 erneut leicht abgeschwächt bei +7,5 %. ("Inflation Rate Moderates Slightly Again to +7.5% in July 2022"). https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/08/PD22_336_611.html (08/19./2022).

[16] European Commission. (07/14/2022). Wirtschaftsprognose Sommer 2022: Russlands Krieg trübt konjunkturelle Aussichten ein. ("Economic Forecast Summer 2022: Russia's War Dims Economic Outlook") https://ec.europa.eu/commission/presscorner/detail/de/ip_22_4511 (08/19/2022).

[17] Ifo Institute. (06/15/2022). Ifo Konjunkturprognose Sommer 2022: Inflation, Lieferengpässe und Krieg bremsen wirtschaftliche Erholung in Deutschland. ("Ifo Economic Forecast Summer 2022: Inflation, Supply Bottlenecks, and War Impede the Economic Recovery in Germany"). https://www.ifo.de/fakten/2022-06-15/ifo-konjunkturprognose-sommer-2022-inflation-lieferengpaesse-und-krieg-bremsen (08/10/2022).

The sharp increase in energy prices triggered by the war in Ukraine is stoking the already high rate of inflation, impairing the production of energy-intensive companies, and diminishing the purchasing power of private households. Supply chain problems are worsening again as a result of the war and the pandemic in China. The further course of the conflict is uncertain, as are the future effects on the living conditions of consumers and basic economic conditions. This uncertainty is weighing on consumer sentiment and investment propensity.[18]

Global Banking and Investor Solutions

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

The projected increase will be aided by the steps taken to automate the issuance process, the resulting capacity expansions, and the enhanced efficiency of the issuance process. Furthermore, an increased volume of follow-up issues of turbo warrants must be expected when barrier levels are breached in a volatile market environment.

As in the previous years, a broad range of products will be offered in the area of warrants and certificates in the second half of financial year 2022.

Including accrued interest on borrowed loans in the amount of around EUR 1.8 million and the reimbursements paid on the basis of cost-plus agreements, we expect a loss of around EUR 3.7 million before profit transfer to Société Générale Frankfurt on the basis of the existing profit transfer agreement.

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

Financial Services for Corporates and Retails

In September 2022, the Economics Department of Société Générale predicted German GDP growth of 1.4% in 2022. This forecast takes the effects of the Ukraine crisis and the continuing risks of the coronavirus pandemic into account. No recession is expected in 2022 despite the supply chain disruptions and high rate of inflation. A recession is expected towards the end of 2023 at the earliest.

Aside from the general economic recovery and stability, the availability of new and used cars is a key factor affecting our business performance. Supply chain problems persist due to the effects of the Ukraine war that began on February 24, 2022. It is impossible to predict when the situation will improve significantly. Consequently, the availability of new cars has been considerably reduced and used car prices have risen sharply.

Compared to June of last year, there were 18.1% fewer new registrations for private owners and 21.3% fewer new registrations for commercial owners as of June 30, 2022, according to the German Federal Motor Vehicle and Transport Authority (Kraftfahrt-Bundesamt, KBA). Compared to the first half of last year, 11% fewer new cars were registered in the first half of 2022. There were 23.3% fewer title transfers in the same period.

Thanks to the support given to businesses and generous short-work benefits, the German federal government succeeded in keeping insolvencies low in 2020 and 2021. Car

[18] Deutsche Bundesbank. (06/20/2022). Perspektiven der deutschen Wirtschaft für die Jahre 2022 bis 2024. (“Outlook for the German Economy in the Years 2022 to 2024”). https://www.bundesbank.de/resource/blob/892560/ef3d29378250b6d53154d62847cebf1a/mL/2022-06-prognose-data.pdf (08/22/2022).

dealerships also held up well during the crisis. According to the German Federal Statistical Office, there was no material increase in insolvencies through April 2022, meaning that the average number of insolvencies remained below the level of the second half of 2021. There has also been no increase in loan defaults to date.

Based on the foregoing, we predict a 1.6% decrease in new financing business and a 2.8% decrease in leasing business in 2022 compared to the preceding financial year. We anticipate a lower profit/loss before profit transfer in 2022 compared to 2021. This would translate to an RoE of 13%.

Due to the war in Ukraine, some car makers are expected to suffer from disruptions in the production of supplier products. Depending on the extent and duration of the war, the availability of new cars could be restricted further. This scenario would have an adverse effect on our new business, as well as adverse effects on economic growth, leading to higher risk provisions.

Asset Management

In view of the continuing coronavirus pandemic and the higher prices of energy products (e.g., oil and gas) caused by the Ukraine conflict, as well as the resulting increase in the cost of living, Société Générale Securities Services GmbH anticipates a challenging second half of the year.

The restructuring project announced in December 2020, including the reduction of the Master AMC business, is proceeding according to plan. The resultant decrease in fund management income will reduce the Bank’s profit also in the second half of the year.

The Bank expects that operating expenses will stabilize at the level of 2021.

For financial year 2022, the Company anticipates an operating loss in the amount of roughly EUR 20 million.

Overall assessment

For financial year 2022, the Company anticipates a profit contribution from ALD Lease Finanz GmbH in the amount of EUR 90 million and expenses from the absorption of the loss of Société Générale Securities Services GmbH in the amount of roughly EUR 20 million on the basis of the profit transfer agreements in effect. Depending on the duration of the pandemic, the Ukraine-Russia conflict, and the development of inflation, a negative deviation from the provided forecast cannot be ruled out.

In consideration of the interest incurred on borrowed loans in the amount of approximately EUR 3.7 million and the reimbursements based on the cost-plus agreements, a net profit before the profit transfer to Société Générale Frankfurt on the basis of the profit transfer agreement in effect is expected in the amount of approximately EUR 66 million.

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

II. Risk report

Risk management system

Risk management in the Group is carried out at the level of the risk-relevant entities ALD LF/BDK and SGSS. The risk management of SGE's warrants and certificates business at the level of SGE is based on the fact that all risks are transferred to the Société Générale Group under a global guarantee.

Risks incurred by the subgroup are presented on a net basis.

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

Risk inventory

The following types of risk were identified as significant by the Group companies during the risk inventory that is carried out at least once every year:
- Counterparty default risks
- Market price and residual value risks
- Liquidity risks
- Operational risks
- Business and reputation risks
- Compliance risks

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

Risk strategy

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

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

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

Protests and complaints are recorded in another central databank, analyzed monthly and reported to the management and all department heads. Specific measures to reduce risks are derived with the aid of these instruments.

a) Counterparty default risks

Global Banking and Investor Solutions

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

Financial Services to Corporates and Retails

The Credit Risk Management Department (CRM) manages and monitors the Bank's credit risks. This department makes the creditworthiness decisions that determine the approval or rejection of loan applications in purchase financing. For loans exceeding a certain credit volume, loan decisions are made with the involvement of the Credit Department of Société Générale.

We have 926 exposures in purchase financing. The 10 biggest borrowers account for 22% of the granted credit lines. The CRM Department prepares a quarterly credit risk report for the management. This report is an integral part of the Bank's risk reporting and is presented to the full Supervisory Board on a quarterly basis. The Bank's Risk Committee, which is composed of representatives of front-office and back-office operations, also meets on a quarterly basis to analyze the current risk situation and adopt measures.

The Bank has a low exposure to individual risks in the sales financing business due to broad diversification. The 10 biggest borrowers account for 0.09% of the total sales financing portfolio.

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

The ABS Transactions Nos. 6, 7 and 8 have been divided into 5 tranches. As in the case of the preceding transactions, Class A (issuance volume EUR 930 million and EUR 935 million, respectively) bear an AAA or Aaa rating. Classes B–D of ABS Transaction No. 6, which have been assigned the ratings AA, A+, A- and A1, Baa2, Ba1 and BBB+, BB+, respectively, and Classes B-D of ABS Transaction No. 7, which have been assigned the ratings AAA, A+, A- and AA+ and A and BBB, respectively, have likewise been placed. Transaction No. 8 was placed in October 2021 under identical terms as the ABS Transactions Nos. 6 and 7. The A notes have been assigned an AAA rating and Classes B-D have been assigned the ratings AAA, A+, A- and AA+, A and BBB+, respectively. The unrated Class E in the amount of EUR 5 million, which covers the expected loss on the portfolio, is completely held by the Bank itself.

The identified and latent credit risks are accounted for by recognizing specific valuation allowances and flat-rate specific valuation allowances. The specific allowances for bad debt in sales financing are formed by application of flat-rate specific valuation allowance rates determined on the basis of expected losses. These rates range from 0.36% to 100%, depending on the length of the default and the status of the loan. In total, the specific valuation allowances recognized for credit risks amounted to 1.0% (PY: 1.1%) of the sales financing portfolio.

The specific valuation allowance rates for loans not in default in purchase financing are up to 10.32%, depending on their classification. The specific valuation allowances for loans in default are determined by analyzing specific cases. In total, specific valuation allowances have been recognized in the amount of 4.0% (PY: 3.5%) of the purchase financing portfolio.

Total expected and unexpected credit risks (credit value at risk) will decline to EUR 61.9 million (PY: EUR 82.4 million / confidence level 99.9%).

There are no counterparty or country risks.

Asset Management

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

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

b) Market price and residual value risks

Global Banking and Investor Solutions

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

Financial Services to Corporates and Retails

Residual value risk arises in connection with the leasing business from the Financial Services to Corporates and Retail segment.

The percentage of vehicles for which ALD LF assumes the residual value risk is 52.3% (PY: 56.6%) of the total volume.

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

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

As a general rule, ALD LF strives for break-even results at the end of the term when calculating residual values for the marketing of its used vehicles, taking into account the final invoices at the end of the contract. Due to the changed market conditions (supply chain bottlenecks resulting from the coronavirus pandemic, semiconductor crisis in the automobile sector), the supply of new cars has been restricted, as a result of which prices in the used car market have also risen significantly, especially in the second half of 2021. This exceptional effect resulted in unexpectedly high proceeds on the resale of lease returns. This trend is expected to continue in the first half of 2022, followed by a normalization of the market and automobile prices

The trend of rising used car prices observed in 2021 accelerated further in the first half of financial year 2022. The proceeds per vehicle sold were EUR 1,371 higher than in the first half of financial year 2021. The current level of prices is stable and we therefore do not expect average used car proceeds to decline until next year.

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

The interest rate risk is managed at the level of the overall bank by means of an interest rate sensitivity report that is prepared and analyzed on a monthly basis by the ALM team for both BDK and ALD LF at the Group and individual institution levels. In order to measure risk, the key figure "sensitivity" is used, which makes a statement regarding the change in present value on the assets side and liabilities side based on different variations of the yield curve. The highest negative change in value of the portfolio appears in the scenario of a parallel shift of +200 basis points and amounts to EUR 6,356 thousand for BDK (PY: EUR 11,405 thousand). Derivative financial instruments are not used within BDK. In the scenarios of +/-10 basis points to be reported to Société Générale, the change in value of the portfolio of the ALD LF Group is EUR 767 thousand in the +10 basis point scenario and EUR -775 thousand in the -10 basis point scenario.

The ABS transactions Nos. 6, 7 and 8 launched in 2019, 2020 and 2021 were divided into five tranches of which BDK will hold the last-ranking Class E over the entire term of the transaction. This tranche carries the expected risks of the sold portfolio.

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

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

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

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

Asset Management

Market price risks from equity investment positions are to be classified as low on the whole, since liquid funds are invested primarily in current accounts and term deposit accounts as well as, to a lesser extent, in investment shares. The market price risks on the fund side have no direct effect on the Company and are measured and managed continuously based on KAGB's specifications and the Derivatives Regulation.

c) Liquidity risks

Due to the integration with the Société Générale Group, there are no identifiable liquidity risks at the present time. The funding requirements are determined annually during the planning process and coordinated with the Société Générale Group. The funding is therefore largely provided in the form of credit lines from Société Générale Group.

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

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

Available credit lines totaled EUR 2,289 million for ALD and EUR 7.7 million for SG Effekten at June 30, 2022.

We refer to Note 10 in the notes to the consolidated financial statements for more information on the management of liquidity risks.

d) Operational risks

The Group strives to reduce its operational risks to a minimum. Société Générale S.A., Paris, has developed processes and systems to monitor and manage operational risks that are used by the Group. These are based mainly on the principle of permanent monitoring. Processes are documented in specially designed applications and assessed based on specified criteria in order to rule out losses from operational risks. This also includes precautionary measures as part of the Business Continuity Plan (BCP) in order to maintain smooth operations if the infrastructure is disrupted.

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

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

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

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

Furthermore, emergency and crisis management is a key component of risk management. The implementation of the concepts is documented in the Company’s emergency handbook, which is revised and updated every financial year.

By means of the measures and processes described above, we were able to ensure that there were no significant losses resulting from operational risks within the Group in the following areas in the first half of financial year 2022:

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

e) Business and reputation risks

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

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

Risk management and controlling processes

The management teams of the individual Group companies are responsible for risk management. SGE’s management focuses primarily on the “global guarantee” of the Société Générale Group. SGE’s management defines the risk strategies and also decides on the design of the risk-bearing concepts, the relevant economic capital and the amount of assigned limits. At the level of the Société Générale Effekten GmbH sub-group, there are no overarching risk management and control processes due to the integration with the Société Générale Group.

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

Potential legal risks

The Group is exposed to risks from legal disputes or proceedings involving investors, authorities or business partners in which the Group is either currently involved or which could arise in the future. In addition, the Group and its products are subject to continual tax and regulatory audits. The outcome of current, pending or future audits and proceedings cannot be foreseen; as a result, expenses can be incurred due to decisions handed down by courts or other authorities or the agreement of settlements that are not covered in full or in part by insurance benefits and which could have an impact on the Company and its results. Significant legal risks are covered by counter-guarantees issued by Société Générale S.A. Frankfurt.

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

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

III. Report on opportunities

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

Global Banking and Investor Solutions

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

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

The Company intends to consolidate and extend its market shares both in Germany and in Europe.

The Company anticipates a continued high level of issuance activity.

Financial Services to Corporates and Retails

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

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

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

At the end of 2019, a used car platform for our dealer partners was launched under the brand name “JuhuAuto”, which presents the vehicles of our dealer partners with an intuitive search function. From the start of 2021, we charged our dealer partners a fee for using the platform. As a result, we lost many dealership partners who had offered their vehicles on the platform, which reduced the supply of used cars on the platform. We therefore decided to enable our partners to use the platform without charge again, from the fourth quarter of 2021 until further notice. The inventory of vehicles offered on the platform increased again after that.

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

The sales success is thus closely associated with the success of our sales partners, the cooperating dealers. The collaboration with importers, dealer associations and their members has been strengthened and expanded in the last few years. More than 3,400 car dealerships utilized these services to refer products to their customers in 2021.

Aside from the general economic recovery, the availability of new and used cars is a key factor affecting our business performance. Before the Ukraine war began on February 24, 2022, we believed that supply bottlenecks would persist during the first half of financial year 2022, but that the new and used car markets would normalize in the second half. However, this expectation was not fulfilled. Due to the war, the situation in the new and used car markets is still tense. However, the first signs of easing appeared at the start of the third quarter. We therefore expect that the manufacturers’ supply situation will normalize by the end of 2022 and that the used car market will gradually reflect this improvement after a lag of half a year.

Under comparable assumptions, the German automobile industry association ZDK predicted at the end of last year that new car registrations will increase to around 2.9 million and used-car title transfers to 6.8 million in 2022.

Current risks can be seen in the still uncertain development of the economic environment in the new and used car markets and the continued incidence of supply bottlenecks affecting manufacturers, especially in the first half of the year.

<u>Asset Management</u>

Although the ongoing Ukraine conflict does not have a direct effect on the Company’s financial performance, the indirect effects cannot be finally assessed at the present time. The continuing coronavirus pandemic and the high rate of inflation will slow economic growth further and dampen the investment propensity of businesses and private households.

In view of these challenges, we expect the pace of economic growth, both in Germany and in the world at large, to slow in the short and medium term. The economic stimulus and stabilization measures initiated by central banks and governments may help to lessen the severity of a recession.

The willingness of investors to invest in investment funds and equities has been diminished by the increases in base interest rates and the negative performance of markets. Despite the growth slowdown caused by the current crises, however, individual and institutional investors will still invest in the fund industry in the long term given the fact that traditional financial investments will not be a viable alternative in the future either.

The Company intends to sustainably ensure its competitiveness by focusing on services for asset managers and asset management companies and by increasing the Company's integration into the Securities Services Division of the Société Générale Group. This will create the conditions that will enable the Bank to serve as an important local and European partner to our customers and benefit from the sector's growth. In addition, there are good chances that the Bank can benefit locally from the Group's global sales success.

Overall assessment

The German economy will be stressed by the fragile state of the global economy due to the continuing coronavirus pandemic, supply chain disruptions, high rates of inflation, and rising interest rates. According to the forecast of the International Monetary Fund (IMF), Germany's gross domestic product (GDP) will only grow by 1.2% in 2022.[19]

The present circumstances, including the continuing pandemic, the Ukraine-Russia conflict, and the high rates of inflation, make it difficult to assess the outlook for the second half of financial year 2022. The management anticipates a positive development on the whole.

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

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

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

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

[19] Manager Magazin. (07/26/2022). IWF senkt den Daumen über Deutschland. ("IMF Gives Thumbs Down on Germany") https://www.manager-magazin.de/politik/weltwirtschaft/internationaler-waehrungsfonds-iwf-senkt-wachstumsprognose-fuer-deutschland-drastisch-a-c0329994-e02a-4d94-a5e7-4b262bd10b70 (08/18/2022).

FIRST LINE OF DEFENSE

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

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

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

SECOND LINE OF DEFENSE

The Risk Department, Compliance Department and Finance Department form the second line of defense (LOD2). They are responsible for the identification, assessment, analysis, measurement, monitoring and control of all risks, as well as correct reporting in the form of a risk summary prepared by the respective Group entities. This includes the adoption of suitable norms, standards and procedures in consideration of the operational risk framework and the provision of material indicators and analyses for general risk monitoring. They are also responsible for assessing the Group’s risk profile and for the effectiveness of the operational risk framework at the level of the BUs and SUs. The three SUs monitor and support the implementation of risk management measures by the BUs in order to ensure the appropriateness and effectiveness of the processes and controls at the level of the first line of defense. By continually performing second-level control activities, they ensure the appropriateness, functionality and effectiveness of the continual first-level controls.

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

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

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

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

THIRD LINE OF DEFENSE

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

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

CONTINUAL CONTROLS
CONTINUAL FIRST-LEVEL CONTROL ACTIVITIES

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

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

regulations and procedures and the effective performance of first-level controls. The control activities of line managers mainly comprise adjustments of the primary controls from the standard normative controls.

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

CONTINUAL SECOND-LEVEL CONTROL ACTIVITIES

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

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

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

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

E. Non-financial Group statement

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

Frankfurt am Main, September 27, 2022

The Management

Société Générale Effekten GmbH

Helmut Höfer	Nurten Spitzer-Erdogan

Consolidated Interim Financial Statements of Société Générale Effekten GmbH

Semiannual Financial Information

at 06/30/2022

(unaudited numbers)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(In euro thousands)	Note	01/01/2022-06/30/2022	2021	01/01/2021-06/30/2021
Interest and similar income	Note 4.7	87,247	175,580	87,546
Interest and similar expenses	Note 4.7	(6,456)	(15,152)	(6,230)
Commission income	Note 5.1	32,225	74,885	30,633
Commission expenses	Note 5.1	(5,660)	(14,337)	(2,677)
Net result from financial transactions	Note 4.1	(9,185)	(3,271)	150
Thereof net gains or losses on financial instruments measured at fair value through profit or loss	Note 4.1	(9,185)	(3,271)	150
Income from other activities	Note 5.2	201,143	385,691	160,214
Expense for other activities	Note 5.2	(210,382)	(416,085)	(175,887)
Net banking income		**88,932**	**187,311**	**93,749**
Personnel expenses	Note 6	(33,886)	(66,666)	(34,221)
Other administrative expenses	Note 9.2	(21,859)	(40,920)	(19,453)
Expenses for amortization, depreciation and impairments of intangible assets and property, plant and equipment	Note 9.2	(3,027)	(6,560)	(3,223)
Gross operating result		**30,160**	**73,165**	**36,852**
Risk expenses	Note 4.8	(4,008)	(2,805)	(1,144)
Operating result		**26,152**	**70,360**	**35,708**
Net gains or losses from other assets		1	(984)	-
Impairment of goodwill		-	-	-
Profit/loss before taxes		**26,153**	**69,376**	**35,708**
Income taxes		812	-	-
Net profit/loss of all companies in the consolidation group		**26,965**	**69,376**	**35,708**
Non-controlling interests		20,012	1,678	(311)
Net profit/loss (Group share)		**6,953**	**67,698**	**36,019**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In euro thousands)	01/01/2022-06/30/2022	2021	01/01/2021-06/30/2021
Net profit/loss	**26,965**	**69,376**	**35,708**
Gains and losses recognized directly in equity, which will be subsequently reclassified to profit or loss:			
Net remeasurement differences from hedging instruments	18,981	3,819	750
Gains and losses recognized directly in equity, which will not be subsequently reclassified to profit or loss:			
Actuarial gains and losses from post-employment benefits	386	4,079	3,676
Tax-related	(828)	(789)	(828)
Total other comprehensive income	**18,539**	**7,109**	**3,598**
Comprehensive income (net profit/loss and other comprehensive income)	**45,504**	**76,485**	**39,306**
Thereof Group share	**32,166**	77,107	**48,612**
Thereof non-controlling interests	**13,338**	(622)	**(9,306)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

(In euro thousands)		06/30/2022	12/31/2021
Financial assets measured at fair value through profit or loss	Note 4.1 Note 4.3	2,173,074	2,873,999
Hedging derivatives	Note 4.2	32,108	4,541
Receivables from banks at amortized cost	Note 4.4 Note 4.9	188,379	152,653
Loans to and receivables from customers at amortized cost	Note 4.4 Note 4.8 Note 4.9	4,373,202	4,348,791
Receivables form finance leases	Note 4.4 Note 4.9	451,538	451,641
Tax assets	Note 7	1,285	154
Other assets	Note 5.3	204,821	206,643
Property, plant and equipment and intangible assets	Note 9.4	520,431	572,229
Goodwill		1,569	1,569
Total		**7,946,407**	**8,612,220**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(In euro thousands)		**06/30/2022**	**12/31/2021**
Financial liabilities measured at fair value through profit or loss	Note 4.1	2,091,748	2,791,129
Hedging derivatives	Note 4.2	-	133
Securitized liabilities	Note 4.5 Note 4.9	1,624,824	2,074,189
Liabilities to banks	Note 4.5 Note 4.9	3,833,749	3,448,289
Liabilities to customers	Note 4.5 Note 4.9	135	208
Tax liabilities	Note 7	-	4,747
Other liabilities	Note 5.3	235,631	174,802
Provisions	Note 9.3	98,360	98,766
Total liabilities		**7,884,447**	**8,592,263**
EQUITY	Note 8		
Equity, Group share			
Subscribed capital, equity instruments and capital reserves		26	26
Profit carried forward		1,138	1,138
Group reserves		13,655	(52,231)
Half-year net profit/loss		6,953	67,698
Subtotal		**21,771**	**16,632**
Unrealized or deferred capital gains and losses		22,027	3,488
Subtotal equity (Group share)		**43,798**	**20,120**
Non-controlling interests		**18,161**	(162)
Total equity		**61,960**	**19,957**
Total		**7,946,407**	**8,612,220**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In euro thousands)	Capital and related reserves					Gains and losses recognized directly in equity				Non-controlling interests			
	Subscribed capital	**Group reserves**	**Total**	**Profit carried forward**	**Net profit/loss (Group share)**	**To be subsequently reclassified to profit or loss**	**Not to be subsequently reclassified to profit or loss**	**Total**	**Equity, Group share**	**Capital and reserves**	**Gains and losses recognized directly in equity**	**Total**	**Total Group equity**
Equity at 01/01/2021	**26**	**(3,242)**	**(3,216)**	**1,138**		**(787)**	**(2,834)**	**(3,621)**	**(5,699)**	**(2,875)**		**(2,875)**	**(8,573)**
Gains and losses recognized directly in equity						750	2,848	3,598	3,598				3,598
Net profit/loss for the first half 2021					36,019				36,019	(311)		(311)	35,708
Other changes		(14,602)	(14,602)	(1)					(14,603)	(512)		(512)	(15,115)
Subtotal		(14,602)	(14,602)	(1)	36,019	750	2,848	3,598	25,014	(823)		(823)	24,191
Equity at 06/30/2021	**26**	**(17,845)**	**(17,818)**	**1,137**	**36,019**	**(37)**	**14**	**(23)**	**19,315**	**(3,698)**		**(3,698)**	**15,618**
Gains and losses recognized directly in equity						3,819	3,290	7,109	7,109				7,109
Net profit/loss for the second half 2021					67,698				67,698	1,678		1,678	69,376
Other changes		(48,988)	(48,988)						(48,988)	1,035		1,035	(47,953)
Subtotal		(48,988)	(48,988)		67,698	3,819	3,290	7,109	25,819	2,713		2,713	28,531
Equity at 12/31/2021	**26**	**(52,230)**	**(52,204)**	**1,138**	**67,698**	**3,032**	**456**	**3,488**	**20,120**	**(162)**		**(162)**	**19,957**
Utilization of profit		67,698	67,698		(67,698)								
Equity at 01/01/2022	**26**	**15,468**	**15,494**	**1,138**		**3,032**	**456**	**3,488**	**20,120**	**(162)**		**(162)**	**19,957**
Gains and losses recognized directly in equity						18,981	(442)	18,539	18,539				18,539

(In euro thousands)	**Capital and related reserves**					**Gains and losses recognized directly in equity**				**Non-controlling interests**			
	Subscribed capital	**Group reserves**	**Total**	**Profit carried forward**	**Net profit/loss (Group share)**	**To be subsequently reclassified to profit or loss**	**Not to be subsequently reclassified to profit or loss**	**Total**	**Equity, Group share**	**Capital and reserves**	**Gains and losses recognized directly in equity**	**Total**	**Total Group equity**
Net profit loss for first half 2022					6,953				6,953	20,012		20,012	26,965
Other changes		(1,813)	(1,813)						(1,813)	(1,688)		(1,688)	(3,501)
Subtotal		(1,813)	(1,813)		6,953	18,981	(442)	18,539	23,679	18,323		18,323	42,002
Equity at 06/30/2022	**26**	**13,655**	**13,681**	**1,138**	**6,953**	**22,013**	**14**	**22,027**	**43,799**	**18,161**		**18,161**	**61,960**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In euro thousands)	01/01/2022-06/30/2022	2021	01/01/2021-06/30/2021
Net profit/loss	**26,965**	**69,376**	**35,708**
Expenses for depreciation and amortization of property, plant and equipment and intangible assets (including operating leases)	44,292	(100,943)	630
Expenses for impairments of property, plant and equipment and intangible assets (including operating leases) and net additions to provisions	1,626	(14,067)	(4,867)
Other changes	(61,907)	(95,844)	(16,214)
Non-monetary elements included in the net profit/loss after taxes, and other adjustments, excluding the result from financial instruments measured at fair value through profit or loss	**(15,990)**	**8,968**	**(20,451)**
Net result from financial instruments measured at fair value through profit or loss	1,067	819	-
Interbank transactions	403,037	596,008	817,677
Transactions with customers	(24,811)	83,435	114,073
Transactions with other financial assets / liabilities	(865,514)	(363,164)	(1,007,449)
Transactions with non-financial assets / liabilities	72,771	11,401	200
Net increases / decreases in operating assets / liabilities	**(413,451)**	**328,499**	**(75,499)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**(402,476)**	**388,907**	**(60,242)**
Cash flows from purchases and sales of financial assets and equity investments	1,170	-	-
Cash flows from purchases and sales of property, plant and equipment and intangible assets	62,859	17,380	24,215
NET CASH FLOW FROM INVESTING ACTIVITIES	**64,029**	**17,380**	**24,215**
Other cash flow from financing activities	384,705	(370,966)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**384,705**	**(370,966)**	**-**
NET CASH FLOW FROM CASH AND CASH EQUIVALENTS	**46,258**	**35,321**	**(36,027)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**109,139**	**73,818**	**73,818**
Net amount of accounts, sight deposits in / loans to banks	**46,258**	**35,321**	**(36,027)**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**155,397**	**109,139**	**37,791**

In accordance with the guidelines of Société Générale Group, the SGE Group considers cash on hand, sight deposits, loans and advances with central banks and banks as cash and cash equivalents in preparing the statement of cash flows. At June 30, 2022, cash and cash equivalents consisted only of call deposits with banks in the amount of EUR 168.5 million (Note 4.4), less loans to banks payable at call (deposits and current accounts) in the amount of EUR 13.1 million (Note 4.5).

Cash flows from interest amounted to EUR 76 million and cash flows from taxes amounted to EUR 2 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIC INFORMATION ABOUT THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

The consolidated interim financial statements of Société Générale Effekten GmbH cover the period from January 1, 2022 to June 30, 2022. The consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the corresponding Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC) as they are to be applied in the European Union, as well as the commercial-law disclosures required by Section 315e (1) German Commercial Code (HGB).

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

PROFIT TRANSFER AGREEMENT

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

CONSOLIDATED TAX GROUP FOR INCOME TAX PURPOSES

The profit transfer agreement between Société Générale Effekten GmbH as the subsidiary company and Société Générale S.A. Frankfurt Branch as the parent company established a consolidated tax group for income tax purposes with Société Générale S.A. Frankfurt Branch with effect as of January 1, 2016. In addition, ALD Lease Finanz GmbH and Société Générale Securities Services GmbH as the controlled subsidiary companies were integrated into the consolidated tax group for income tax purposes from the time of conclusion of the profit transfer agreements with Société Générale Effekten GmbH as the controlling parent company at January 1, 2017. As a result of the formation of the consolidated tax group for income tax purposes, Société Générale Effekten GmbH does not recognize any deferred taxes in its financial statements.

USE OF DISCRETIONARY DECISIONS AND ESTIMATES

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

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

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

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

AMENDMENTS TO IAS 28 LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES

The amendments specify that IFRS 9 Financial Instruments is applicable to financial instruments that form part of the net investment in the associate or joint venture, but to which the equity method is not applied.

AMENDMENTS TO IAS 19 PLAN AMENDMENT, CURTAILMENT, OR SETTLEMENT

These amendments explain the method by which pension expenses are to be measured when defined benefit plans are amended, curtailed, or settled. In these cases, IAS 19 specifies that the net costs of defined benefit plan assets or liabilities must be remeasured.

The amendments state that reporting entities must apply the updated actuarial assumptions used in this remeasurement to measure past service cost and net interest.

AMENDMENTS TO IAS 1 AND IAS 8 Definition of “Material”

Accepted by the European Union on November 29, 2019

These amendments are meant to clarify the definition of the term “material” to facilitate the exercise of discretionary judgment in the preparation of annual financial statements, particularly regarding the selection of information to be presented in the notes to the financial statements.

AMENDMENTS TO IFRS 3 BUSINESS COMBINATIONS

Published by the IASB on October 22, 2018

The amendments are meant to provide clearer application guidance to help reporting entities determine whether they have acquired a business or a group of assets, given that the accounting treatment differs on the basis of this distinction.

Amendments in References to the Conceptual Framework in IFRS Standards

The adjustments entailed by the amendments in References to the Conceptual Framework in IFRS Standards were necessitated by the revision of the Conceptual Framework due to the fact that many Standards and other IASB pronouncements include quotations from or references to the Conceptual Framework. Aside from editorial amendments, the new Standard also clarifies which version of the Conceptual Framework should be applied in each case. Depending on the subject matter, users must apply the Conceptual Framework in the versions of 2001, 2010, or 2018. These amendments had no material effects on the consolidated financial statements.

Amendments to IFRS 3 – Definition of a “Business”

The amendments to IFRS 3 Definition of a “Business” are meant to help reporting entities determine whether they have acquired a business or a group of assets. To be considered a business under the new definition, an acquired set of activities and assets must include an input and a substantive process that together make it possible to create outputs. The modified definition is applicable to transactions completed on or after January 1, 2020. These amendments had no material effects on the consolidated financial statements.

Amendments to IAS 1 and IAS 8 – Definition of “Material”

The amendments to IAS 1 and IAS 8 Definition of “Material” are meant to clarify the definition of the term “material.” In particular, the amendments focus on the new characteristic element of “obscuring” information and state that obscuring information is equivalent to omitting or misstating information. The amendments are applicable in reporting periods that begin on January 1, 2020. The amendments had no material effects on the consolidated financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – Phase 1

The amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1 provide temporary relief with regard to the accounting treatment of hedging relationships before the initiated reform of major interest rate benchmarks such as EURIBOR, LIBOR or EONIA is completed. This exemption can be applied to hedging relationships directly affected by the reform of interest rate benchmarks. A hedging relationship is only directly affected if the reform would create uncertainties regarding the interest rate designated as the hedged risk or regarding the timing or amount of hedged cash flows and cash flows from the hedging instrument which are based on the interest rate benchmark.

Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions

The amendments to IFRS 16 COVID-19-Related Rent Concessions give lessees the option of simplifying the accounting treatment of rent concessions such as the deferral of rent payments or rent discounts granted in connection with the COVID-19 pandemic. Lessees who exercise this option account for these rent concessions as if they are not lease modifications. Therefore, the reporting entity is particularly exempt from having to review all leases or rent agreements, conduct a legal assessment of any rent concessions granted on the basis of the respective contents of the agreement, and specify new discount factors if appropriate.

These amendments can be fully applied retrospectively to reporting periods that begin on or after June 1, 2020. They had no material effects on the consolidated financial statements.

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

The following amendments to IFRS Standards were applied to the consolidated financial statements for the first time in financial year 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2,
- Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions after June 30, 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 und IFRS 16 – Interest Rate Benchmark Reform – Phase 2

These amendments take effect when a reporting entity replaces an interest rate benchmark with an alternative, nearly risk-free interest rate on the basis of the IBOR reform. These amendments offer practical expedients for contractual modifications or cash flow modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis. In this case, modifications resulting from the IBOR reform are to be accounted for as changes in variable interest rates according to IFRS 9.B5.4.5 and presented in the modification result. Applying IFRS 9.B5.4.5 permits the reporting entity instead to perform subsequent measurement on the basis of the updated effective interest rate so that the effect of the economic equivalence adjustment is recognized over the remaining term. All other modifications made at the same time and not as a direct consequence of the IBOR reform necessitate an analysis of the derecognition effect of the modification. The financial instrument in question is derecognized if the modifications are substantive. If the modifications are not substantive, a change of the modification result is presented when the updated effective interest rate is used to recalculate the carrying amount of the financial instrument.

In addition, the amendments permit a temporary exemption so that hedge accounting can be continued even after the transition to the new interest rate benchmarks if the modifications are solely attributable to the interest rate benchmark reform. Exemptions are also permitted in cases where the risk components are individually identifiable. The amendments do not grant an exemption for the ineffectiveness of hedging relationships caused by the IBOR reform. They must be recognized in the income statement in accordance with IFRS 9. The amendments also entail minor adjustments to IFRS 16 and IFRS 4, as well as additional disclosure requirements according to IFRS 7.

All other modifications made at the same time and not as a direct consequence of the IBOR reform necessitate an analysis of the derecognition effect of modifications.

Amendments to IFRS 16 Leases – COVID-19-Related Rent Concessions After June 30, 2021

These amendments extend by one year the application period of the Covid-19-related amendments to IFRS 16 Leases published by the IASB on May 28, 2020.

The amendment offers lessees the option of applying a practical expedient in determining whether the Covid-19-related rent concession represents a modification of the lease. Lessees have the option of accounting for the rent concessions as if they did not represent a modification of the lease.

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

As in 2020 and 2021, the Group was not granted any Covid-19-related rent concessions in the first half of financial year 2022.

NOTE 2 - CHANGES IN THE CONSOLIDATION GROUP

BASIC PRINCIPLES OF CONSOLIDATION

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

SUBSIDIARIES

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

Subsidiaries are fully consolidated.

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

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

CHANGES IN THE CONSOLIDATION GROUP

Compared to December 31, 2021, there were no changes in the consolidation group in the first half of the 2022 financial year.

CONSOLIDATION GROUP

			06/30/2022	
Name of company	**Registered head office of the company**	**Business activity**	**Share of equity [%]**	**Share of voting rights [%]**
Consolidated companies				
ALD LEASE FINANZ GMBH	Hamburg, Germany	Leasing company	100	100
SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES GMBH	Aschheim, Germany	Asset management company	100	100
BANK DEUTSCHES KRAFTFAHRZEUGGEWERBE GMBH	Hamburg, Germany	Special financing institution	99.9	51

BDK LEASING UND SERVICE GMBH	Hamburg, Germany	Service company	100	100
RED & BLACK AUTO GERMANY 5 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 6 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 7 UG (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
RED & BLACK AUTO GERMANY 8 UG* (HAFTUNGSBESCHRANKT)	Frankfurt, Germany	Structured entity	-	-
Non-consolidated companies				
ALD AUTOLEASING UND DIENSTLEISTUNGS GMBH	Hamburg, Germany	Service company	43.8	43.8
NEDDERFELD 95 IMMOBILIEN GMBH & CO.KG	Hamburg, Germany	Real estate company	65	50

* "ABS - Red & Black Auto Germany 8 UG" with a total volume of EUR 1,000,000,000.00 was formed in October 2021; of which Class A Notes EUR 935,000,000.00 and other Class B Notes EUR 25,000,000.00, Class C Notes EUR 25,000,000.00, EUR 10,000,000.00, and Class E Notes EUR 5,000,000.00.

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

Structured entities:

(In euro thousands)	**RED & BLACK AUTO GERMANY 6 UG**	**RED & BLACK AUTO GERMANY 7 UG**	**RED & BLACK AUTO GERMANY 8 UG**
Equity	2,052	7,779	15,410
Total assets of the company	315,078	560,197	826,167
Result at 06/30/2022	2,051	6,474	13,494

NOTE 3 - ACCOUNTING POLICIES AND MEASUREMENT METHODS

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

TRANSACTIONS IN FOREIGN CURRENCIES

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

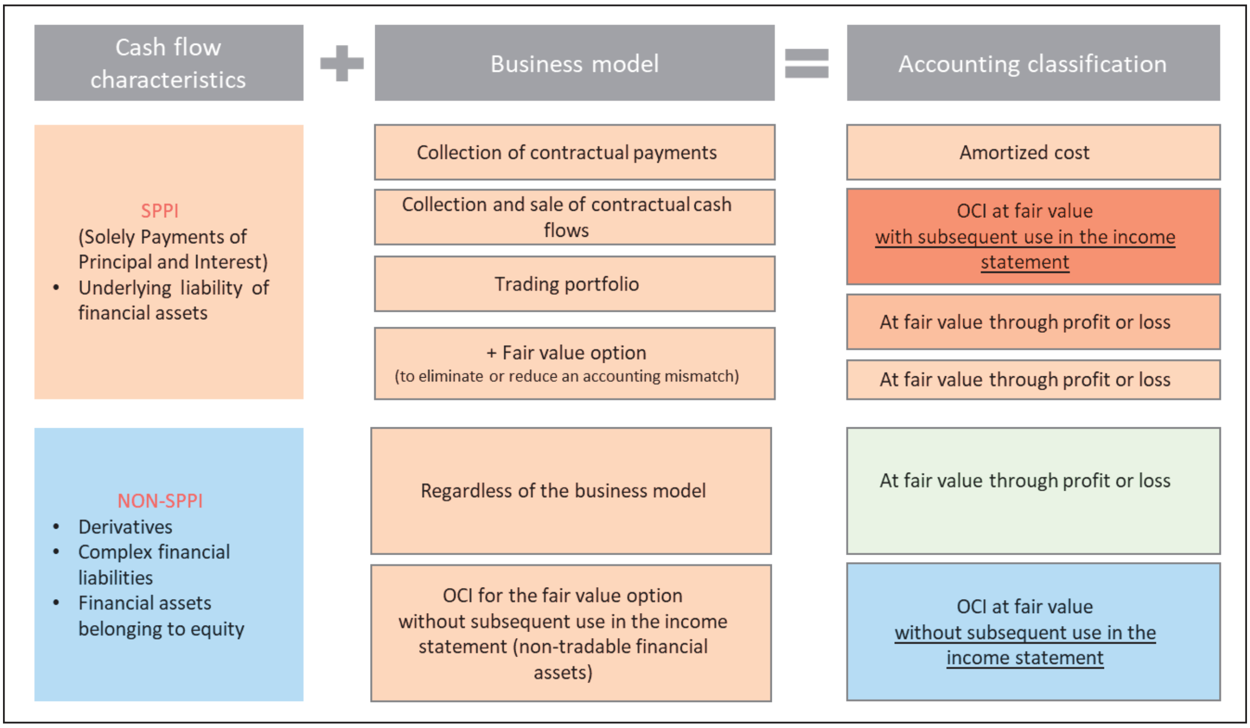
Forward exchange transactions are measured at fair value on the basis of the current forward exchange rate for the remaining term to maturity. Spot exchange positions are translated to the official spot exchange rates at the reporting date. The resulting revaluation differences are recognized in profit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

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

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

CLASSIFICATION OF FINANCIAL ASSETS

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



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

Analysis of the characteristics of contractual cash flows

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

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

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

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

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

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

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

Analysis of the business model

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

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

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

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

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

Fair value option

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

CLASSIFICATION OF FINANCIAL LIABILITIES

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

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

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

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

RECLASSIFICATION OF FINANCIAL ASSETS

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

FAIR VALUE

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

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

INITIAL RECOGNITION

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

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

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

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

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

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

When a financial asset is derecognized in full, the difference between the carrying amount of the asset and the payment received is recognized in the income statement at the time of sale. If necessary, this amount is adjusted for unrealized gains or losses recognized directly in equity in the past, and for assets or liabilities arising from the servicing right. Prepayment fees charged to borrowers after the early repayment of loans are recognized in the line item of Interest and similar income of the income statement on the basis of the date of early repayment.

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

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

ANALYSIS OF THE CONTRACTUAL CASH FLOWS FROM FINANCIAL ASSETS

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

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

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

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

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

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

- Fixed-interest loans,
- Variable-interest loans, possibly with upper and lower limits,
- Fixed-interest or variable-interest debt instruments (government bonds or corporate bonds, other issuable debt instruments),
- Securities purchased with repurchase agreements (reverse repo transactions),
- Disbursed security deposits,
- Trade receivables.

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

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

- Derivative financial instruments,

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGES

Derivatives are financial instruments if they meet the following criteria:

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

Derivative financial instruments are sub-divided into two categories:

- Held-for-trading financial instruments

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

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

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

Embedded derivatives

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

LEASES

Accounting for leases by lessors

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

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

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

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

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

Accounting for leases by lessees

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

ACCOUNTING GUIDELINES

RIGHTS TO USE THE ASSETS LEASED BY THE COMPANY

Leases

Definition of a lease

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

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

Separation of lease components from non-lease components

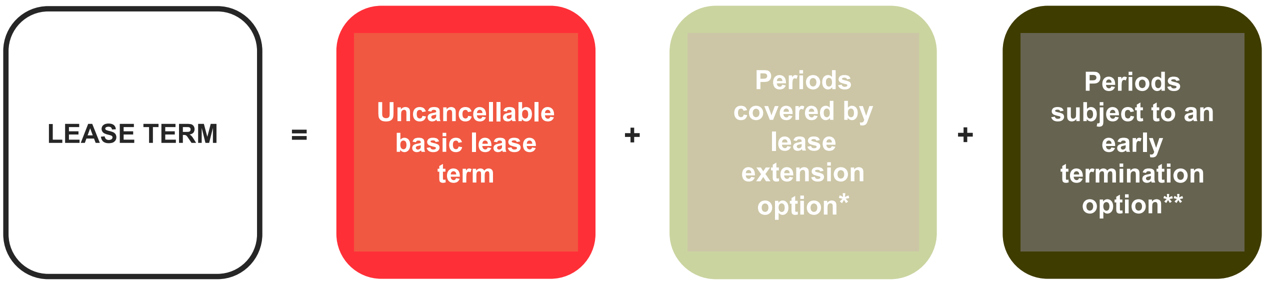
A contract may contain both a lease component and the provision of additional services by the lessor. In this case, the lessee can separate the lease components from the non-lease components and treat them separately. The contractually specified consideration for lease components and non-lease components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

Lease term

Definition of lease term

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

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



** Which the lessee is reasonably certain to exercise.*

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

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

- The conditions for exercising these options (including the calculation of lease payments in the event of extension or penalties in the event of early termination);
- Significant changes in the leased areas (designated floor plans, e.g. of a bank vault);
- The costs entailed by a termination of the lease relationship (including negotiation costs, moving costs, costs for looking for a new property that meets the needs of the lessee);

- The importance of the leased assets for the lessee due to special characteristics, location or availability of similar assets (especially in the case of properties at locations of strategic importance for the business due to transportation links, expected capacity utilization or the attractiveness of the location);
- Earlier extensions of similar contracts and the future use strategy for the assets (e.g. expected restructuring of a branch network).

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

Changes of the lease term

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

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

Accounting treatment of leases by the Group

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

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

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

Exceptions and exclusions

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

Amount of lease payments

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

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

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

Recognition of lease liabilities

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

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

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

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

Accounting for the right-of-use asset

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

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

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

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

Discount rates for leases

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

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

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets include operating assets. Assets held under operating leases are included in operating property, plant and equipment, whereas buildings held under leases are included in investment property.

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

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

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

BUSINESS COMBINATIONS AND GOODWILL

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

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

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

PROVISIONS

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

A provision must be recognized when:

- Due to an obligation to a third party, an outflow of economic resources is expected without receiving equivalent consideration in return;
- The amount of the liability can be estimated reliably.

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

If it is more likely than not that the company will receive a reimbursement upon the settlement of a liability for which a provision was recognized, the reimbursement claim is treated as an Other asset. The amount recognized for the reimbursement is limited to the amount of the provision.

LOAN COMMITMENTS

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

DISTINCTION BETWEEN DEBT INSTRUMENTS AND EQUITY INSTRUMENTS

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

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

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

NON-CONTROLLING INTERESTS

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

INTEREST INCOME AND EXPENSES

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

The effective interest rate is the interest rate that exactly discounts future cash receipts and payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. To calculate the effective interest rate, the cash flows estimated on the basis of the contractual terms of the financial instrument are considered, without regard for any future loan losses. The calculation also includes commissions paid or received between the parties if they are comparable to interest, directly attributable transaction fees, premiums or discounts.

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

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

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

NET INCOME/EXPENSES FROM COMMISSIONS FOR SERVICES

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

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

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

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

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

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

PERSONNEL EXPENSES

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

EMPLOYEE BENEFITS

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

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

Post-employment benefits

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

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

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

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

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

In the consolidated interim financial statements, those items that cannot be subsequently reclassified to profit or loss are presented in a separate line item of the statement of comprehensive income. However, they are reclassified to reserves in the statement of changes in equity so that they are presented directly in the item of "Group reserves" on the equity and liabilities side of the statement of financial position.

The expenses for defined benefit plans recognized in "Personnel expenses" comprise:

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

Long-term benefits

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

RISK EXPENSES

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

INCOME TAXES

Current taxes

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

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

Deferred taxes

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

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

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

Current and deferred taxes are presented as tax expenses or tax income in the “Income taxes” line item of the consolidated income statement. Deferred taxes recognized in respect of “Gains and losses recognized directly in equity” are presented in the same line item of equity.

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

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

NOTE 4 - FINANCIAL INSTRUMENTS

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

	06/30/2022		12/31/2021	
(In euro thousands)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Held for trading	738,695	738,512	1,043,995	1,043,739
Financial instruments mandatorily measured at fair value through profit or loss	1,434,362	-	1,830,004	
Financial instruments optionally measured at fair value through profit or loss	17	1,353,236	-	1,747,390
Total	**2,173,074**	**2,091,748**	**2,873,999**	**2,791,129**

FINANCIAL INSTRUMENTS HELD FOR TRADING

FINANCIAL ASSETS

(In euro thousands)	06/30/2022	12/31/2021
Bonds and other debt instruments		(7)
Equities and other equity instruments	-	-
Loans to customers and securities purchased with repurchase agreements	-	-
Derivatives	738,695	1,044,002
Other financial assets	-	-
Total	**738,695**	**1,043,995**

FINANCIAL LIABILITIES

(In euro thousands)	06/30/2022	12/31/2021
Securitized liabilities	91	91
Liabilities from loaned securities	-	-
Bonds and other short-sale debt instruments	-	-
Equities and other short-sale equity instruments	-	-
Loans and securities sold with repurchase agreements	-	-
Derivatives	738,421	1,043,648
Other financial liabilities	-	-
Total	**738,512**	**1,043,739**

The counterparty of the held derivatives is the Group’s parent company. The net position approach allowed by IFRS 13.48 is applied. The CVA and DVA are not calculated because the net position of The counterparty of the held derivatives is the Group’s parent company. The net position approach allowed by IFRS 13.48 is applied. The CVA and DVA are not calculated because the net position of EUR 274 thousand is deemed to be immaterial for risk management purposes.

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

(In euro thousands)	06/30/2022	12/31/2021
Receivables from banks, measured at fair value through profit or loss	1,353,177	1,746,966
Loans to customers, measured at fair value through profit or loss	-	-
Securitized liabilities	-	-
Equities and other equity instruments	79,074	79,757
Securities / equities held on a long-term basis	2,111	3,281
Total	**1,434,362**	**1,830,004**

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

(In euro thousands)	06/30/2022	12/31/2021
Interbank loans	-	-
Deposit guarantees received	-	-
Liabilities from loaned securities	-	-
Bonds and other short-sale debt instruments	1,353,236	1,747,390
Repo transactions, banks	-	-
Total	**1,353,236**	**1,747,390**

NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Certificates

	(a)	(b)	(c) = (a) - (b)	(d)		(e) = (c) - (d)
				Corresponding amounts that are not netted in the statement of financial position		
(In euro thousands)	Gross amounts of recognized financial assets / liabilities	Gross amounts of recognized financial assets / liabilities netted in the statement of financial position	Net amounts of financial assets / liabilities presented in the statement of financial position	Financial instruments	Collateral received/ furnished	Net amount
Derivative financial instruments	5,279,524	3,926,318	1,353,206	29	-	1,353,177
Total receivables	**5,279,524**	**3,926,318**	**1,353,206**	**29**	**-**	**1,353,177**
Derivative financial instruments	5,279,583	3,926,318	1,353,265	29	-	1,353,236
Total liabilities	**5,279,583**	**3,926,318**	**1,353,265**	**29**	**-**	**1,353,236**

NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Warrants

	(a)	(b)	(c) = (a) - (b)	(d)		(e) = (c) - (d)
				Corresponding amounts that are not netted in the statement of financial position		
(In euro thousands)	Gross amounts of recognized financial assets / liabilities	Gross amounts of recognized financial assets/ liabilities netted in the statement of financial position	Net amounts of financial assets / liabilities presented in the statement of financial position	Financial instruments	Collateral received/ furnished	Net amount
Derivative financial instruments	27,611,615	26,836,195	775,420	36,725	-	738,695
Total receivables	**27,611,615**	**26,836,195**	**775,420**	**36,725**	**-**	**738,695**
Derivative financial instruments	27,648,543	26,836,195	812,347	36,893	-	775,454
Total liabilities	**27,648,543**	**26,836,195**	**812,347**	**36,893**	**-**	**775,454**

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

(In euro thousands)	**01/01/2022-06/30/2022**	**01/01/2021-06/30/2021**
Net result from trading portfolio	(12)	(13)
Net result from financial instruments measured at fair value through profit or loss	(53,824)	486,824
Net result from financial instruments measured at fair value, for which the fair value option is exercised	53,455	(486,835)
Net result from derivative financial instruments and hedging instruments, thereof:	(8,804)	174
Net result from derivative financial instruments	(8,804)	174
Net result from hedging instruments	-	-
Net result from fair value hedging instruments	-	-
Remeasurement of underlying transactions in relation to the hedged risk	-	-
Ineffective portion of cash flow hedges	-	-
Net result from foreign currency transactions	(45)	(122)
Total gains or loss from financial instruments measured at fair value through profit or loss	**(9,185)**	**150**
Gains from financial instruments measured at fair value through other comprehensive income	**-**	-

NOTE 4.2 - DERIVATIVE FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING

	06/30/2022		**12/31/2021**	
(In euro thousands)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate instruments	36,725	56,278	4,817	8,022
Foreign currency instruments	98,043	98,755	100,196	99,794
Equity and index instruments	522,922	465,958	817,240	811,684
Commodity instruments	81,006	117,431	121,749	124,148
Credit derivatives	-	-	-	-
Other forward financial instruments	-	-	-	-
Total	738,695	738,421	**1,044,002**	**1,043,648**

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR HEDGING PURPOSES

	06/30/2022		12/31/2021	
(In euro thousands)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Fair value hedges	-	-	-	-
Interest rate instruments	-	-	-	-
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Commodity instruments	-	-	-	-
Cash flow hedges	**-**	-	**-**	-
Interest rate instruments	32,108	-	4,541	133
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Commodity instruments	-	-	-	-
Other financial instruments	-	-	-	-
Total	**32,108**	**-**	**4,541**	**133**

MATURITIES OF CASH-FLOW-HEDGED FINANCIAL INSTRUMENTS

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**06/30/2022**
Floating cash flows hedged	32,077			32,077

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

MATURITIES OF HEDGING DERIVATES (NOTIONAL VALUES)

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**06/30/2022**
Interest rate swaps (assets)	-	-	-	-
Interest rate swaps (liabilities)	162,111	501,996	951,389	1,615,496

MATURITIES OF HEDGED FINANCIAL INSTRUMENTS

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**06/30/2022**
Interbank market securities and tradable debt instruments	183,242	480,386	961,196	1,624,824

HEDGING OF CASH FLOWS

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

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

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

i) First, a hypothetical derivative with the exact same characteristics as the hedged instrument is created (notional value, interest rate adjustment date, interest rates, etc.), but which moves in the opposite direction, and the fair value of which at inception is zero.

ii) In the next step, the expected changes in the fair value of the hypothetical derivative are compared with those of the hedging instrument (sensitivity analysis) or a regression analysis of the expected effectiveness of the hedging instrument is performed.

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

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

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

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

FAIR VALUE HIERARCHY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Equity derivatives: These are option contracts with long maturities and/or tailored income mechanisms. These instruments are dependent on market parameters (volatilities, dividend ratios, correlations). Due to the lack of market depth and possibility of objectification by regular quotations, they are measured on the basis of proprietary methods (e.g. extrapolation of observable data, historical analysis). Hybrid equity products (i.e. equity products for which at least one underlying asset is not an equity instrument) are likewise assigned to the L3 category due to the correlation between normally unobservable different underlying assets.

- Interest rate derivatives: These are long-term and/or exotic options, i.e. products that are dependent on correlations between different interest rates and exchange rates or between interest rates and exchange rates, such as in the case of quanto products for which the underlying assets are not denominated in the payment currency. They are assigned to the L3 category due to the non-observable measurement parameters in consideration of the liquidity of the currency pairs and the residual maturity of the transactions; for example, the interest rate-interest rate correlations of the USD/JPY pair are deemed to be non-observable.

- Credit derivatives: In this case, the L3 category particularly includes financial instruments aggregated in a basket with exposure to the default time correlation (products of the type “N to default” under which the buyer of the protection is indemnified from the Nth default, with exposure to the credit quality of the signatures that make up the basket and their correlation, or the type “CDO Bespoke,” which are CDOs (Collateralized Debt Obligations) with tailored tranches that are specifically created for a group of investors and structured according to their needs), and products which are exposed to the volatility of credit spreads.

- Commodity derivatives: They are assigned to this product category because they refer to non-observable parameters in relation to volatility or correlation (e.g. option rights to commodity swaps, financial assets measured at fair value).

FINANCIAL ASSETS MEASURED AT FAIR VALUE

	06/30/2022			
(In euro thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Held for trading	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	-
Equities and other equity instruments	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	
Other financial assets	-	-	-	-
Derivatives in the trading portfolio	**-**	**738,695**	**-**	**738,695**
Interest rate instruments	-	36,725	-	36,725
Foreign currency instruments	-	98,043	-	98,043
Equity and index instruments	-	522,922	-	522,922
Commodity instruments	-	81,006	-	81,006
Credit derivatives	-	-	-	-
Other forward financial instruments	-	-	-	-
Financial assets mandatorily measured at fair value through profit or loss	**791**	**1,128,736**	**304,835**	**1,434,362**
Bonds and other debt instruments	-	-	-	-
Equities and other equity instruments	791	-	80,394	81,185
Loans and securities purchased with repurchase agreements	-	1,128,736	224,441	1,353,177
Financial assets for which the fair value option was exercised	**-**	**17**	**-**	**17**
Bonds and other debt instruments	-	17	-	**17**
Loans and securities purchased under repo transactions	-	-	-	-
Other financial assets	-	-	-	-
Special fund for employee benefits	-	-	-	-
				-
Hedging derivatives	**-**	**32,108**	**-**	**32,108**
Interest rate instruments	-	32,108	-	**32,108**
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
				-
Financial assets measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	-
Equity instruments	-	-	-	-
Loans and receivables	-	-	-	-
				-
Total financial assets at fair value	**791**	**1,899,556**	**304,835**	**2,205,182**

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(In euro thousands)	06/30/2022 Level 1	Level 2	Level 3	Total
Held for trading	**-**	**91**	**-**	**91**
Securitized liabilities	-	91	-	**91**
Liabilities from loaned securities	-	-	-	-
Bonds and other short-sale debt instruments	-	-	-	-
Equities and other short-sale equity instruments	-	-	-	-
Loans and securities sold under repo transactions	-	-	-	
Other financial liabilities	-	-	-	-
Trading derivatives	**-**	**738,421**	**-**	**738,421**
Interest rate instruments	-	56,278	-	56,278
Foreign currency instruments	-	98,755	-	98,755
Equity and index instruments	-	465,958	-	465,958
Commodity instruments	-	117,431	-	117,431
Credit derivatives	-	-	-	-
Other forward financial instruments	-	-	-	-
Financial liabilities for which the fair value option was exercised	**-**	**1,128,795**	**224,441**	**1,353,236**
Hedging derivatives	**-**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-
Foreign currency instruments	-	-	-	-
Equity and index instruments	-	-	-	-
Total financial liabilities at fair value	**-**	**1,867,307**	**224,441**	**2,091,748**

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

Financial assets measured at fair value

(In euro thousands)	Balance at 12/31/2021	Addi-tions	Sales / redemptions	Reclassi-fied to Level 2	Reclassi-fied from Level 2	Periods gains and losses	Ex-change rate dif-ferences	Other	Balance at 06/30/2022
Held for trading	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equities and other equity instruments	-	-	-	-	-	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Derivatives in the trading portfolio	-	-	-	-	-	-	-	-	-
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
Commodity instruments	-	-	-	-	-	-	-	-	-
Credit derivatives	-	-	-	-	-	-	-	-	-
Other forward financial instruments	-	-	-	-	-	-	-	-	-
Financial assets mandatorily measured at fair value through profit or loss	**473,203**	**278,351**	**(586,081)**	**(2,471)**	**5,460**	**136,374**	-	-	**304,835**
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equities and other equity instruments	81,792	(1,398)	-	-	-	-	-	-	80,394
Loans and securities purchased with repurchase agreements	391,411	279,749	(586,081)	(2,471)	5,460	136,374	-	-	224,441
Financial assets for which the fair value option was exercised	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Loans and securities purchased under repo transactions	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-
Special fund for employee benefits	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-

(In euro thousands)	Balance at 12/31/2021	Addi-tions	Sales / redemptions	Reclassi-fied to Level 2	Reclassi-fied from Level 2	Periods gains and losses	Ex-change rate dif-ferences	Other	Balance at 06/30/2022
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Bonds and other debt instruments	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	-	-	-	-	-
Total financial assets at fair value	**473,203**	**278,351**	**(586,081)**	**(2,471)**	**5,460**	**136,374**	**-**	**-**	**304,835**

Financial liabilities measured at fair value

(In euro thousands)	Balance at 12/31/2021	Addi-tions	Sales / redemptions	Reclassified to Level 2	Reclassified from Level 2	Period gains and losses	Exchange rate differences	Other	Balance at 06/30/2022
Held for trading	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities from loaned securities	-	-	-	-	-	-	-	-	-
Bonds and other short-sale debt instruments	-	-	-	-	-	-	-	-	-
Equities and other short-sale equity instruments	-	-	-	-	-	-	-	-	-
Loans and securities sold under repo transactions	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Trading derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
Commodity instruments	-	-	-	-	-	-	-	-	-

(In euro thousands)	**Balance at 12/31/2021**	**Addi- tions**	**Sales / redemptions**	**Reclassified to Level 2**	**Reclassified from Level 2**	**Period gains and losses**	**Exchange rate differences**	**Other**	**Balance at 06/30/2022**
Credit derivatives	-	-	-	-	-	-	-	-	-
Other forward financial instruments	-	-	-	-	-	-	-	-	-
Financial liabilities for which the fair value option was exercised	**391,411**	**279,749**	**(586,081)**	**(2,471)**	**5,460**	**136,374**	**-**		**224.441**
				-					
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest rate instruments	-	-	-	-	-	-	-	-	-
Foreign currency instruments	-	-	-	-	-	-	-	-	-
Equity and index instruments	-	-	-	-	-	-	-	-	-
Total financial liabilities at fair value	**391,411**	**279,749**	**(586,081)**	**(2,471)**	**5,460**	**136,374**	**-**		**224.441**

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

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

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

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

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

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

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

Observable data must exhibit the following characteristics: It must be non-proprietary (independent of the Group), available, publicly circulated data based on a broad consensus. An amount of only EUR 224,441 thousand worth of instruments traded in financial markets was classified as Equities and other equity instruments in the first half of the financial year. This amount was not adjusted by transfers to or from Level 2 or Level 3 financial instruments in the first half of the financial year.

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

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

Equities and other variable-yield securities

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

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

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

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

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

Other liabilities

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE LEVEL 3

The instruments measured at a fair value that is not based on observable market parameters (Level 3) are the interests in the affiliated companies ALD Auto Leasing und Dienstleistungs GmbH and Nedderfeld 95 Immobilien GmbH & Co.KG. These interests are subject to the measurement exception according to IFRS 5 because there is an intent to sell them. In applying the imparity principle by determining the lower of the carrying amount or fair value less costs to sell, the carrying amount was applied as the lower value for these companies. Therefore, the interests are measured at their carrying amounts before transfer to the Group's parent company and presented as available-for-sale financial assets.

NOTE 4.4 - LOANS AND RECEIVABLES AT AMORTIZED COST

LOANS TO AND RECEIVABLES FROM BANKS AT AMORTIZED COST

(In euro thousands)	06/30/2022	12/31/2021
Current accounts	168,453	123,524
Term deposits and loans	19,822	29,070
Corresponding receivables	104	59
Loans and receivables without impairments	**188,379**	**152,653**
Impairment upon default	-	-
Remeasurement of hedged balance sheet items	-	-
Total net	**188,379**	**152,653**

LOANS TO AND RECEIVABLES FROM CUSTOMERS (INCLUDING FINANCE LEASES)

(In euro thousands)	06/30/2022	12/31/2021
Loans to customers	4,428,521	4,403,783
Finance leases	460,875	460,525
Loans to customers without impairments	**4,889,396**	**4,864,308**
Impairment upon default	(64,656)	(63,876)
Customers	*(55,319)*	*(54,992)*
Finance leases	*(9,337)*	*(8,884)*
Remeasurement of hedged balance sheet items	-	-
Total net	**4,824,740**	**4,800,432**
Loans to customers	*4,373,202*	*4,348,791*
Finance leases	*451,538*	*451,641*

Please see Note 4.8 “Impairments and provisions.”

NOTE 4.5 - LIABILITIES AT AMORTIZED COST

LIABILITIES TO BANKS

(In euro thousands)	06/30/2022	12/31/2021
Deposits and current accounts	13,056	14,385
Term liabilities	3,818,463	3,433,758
Other liabilities	2,230	146
Remeasurement of hedged balance sheet items	-	-
Securities sold with repurchase agreements	-	-
Total	**3,833,749**	**3,448,289**

LIABILITIES TO CUSTOMERS

(In euro thousands)	06/30/2022	12/31/2021
Other sight deposits	135	208
Total liabilities to customers	**135**	**208**
Liabilities secured by bonds and securities	-	-
Securities sold to customers with repurchase agreements	-	-
Total	**135**	**208**

SECURITIZED LIABILITIES

(In euro thousands)	06/30/2022	12/31/2021
Interbank market securities and tradable debt instruments	1,624,666	2,074,039
Other liabilities	158	150
Total	**1,624,824**	**2,074,189**

NOTE 4.6 - TRANSFERRED ASSETS

Moreover, the instrument of securitized loan receivables is also employed in the Financial Services to Corporates and Retails segment. Under the name “Red & Black,” which is used for the securitizations of the Société Générale Group, we have bundled leasing receivables into 8 structures and placed them publicly to date. Three active structures remained in effect at the reporting date.

At the reporting date, the carrying amount of transferred receivables was EUR 1,656.2 million and the carrying amount of the corresponding liabilities was EUR 1,477.5 million. The transferred assets are among the assets subject to restrictions on disposal.

The corresponding market value of the receivables is EUR 1,656.3 million and that of the liabilities is EUR 1,489.3 million, yielding a net receivable of EUR 77.0 million. The receivables are presented within “Loans to and receivables from customers,” the liabilities within “Securitized liabilities.”

NOTE 4.7 - INTEREST AND SIMILAR INCOME / EXPENSES

(In euro thousands)	01/01/2022 - 06/30/2022			2021			01/01/2021 - 06/30/2021		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Financial instruments at amortized cost	**85,477**	**(3,692)**	**81,785**	**172,306**	**(10,150)**	**162,156**	**85,904**	**(3,778)**	**82,126**
Central banks	-	-	-	-	-	-	-	-	-
Bonds and other debt instruments	-		-	-	-	-	-	-	-
Issued debt instruments	-	(797)	(797)	-	(1,501)	(1,501)	-	(744)	(744)
Transactions with banks	(8)	(2,871)	(2,879)	44	(8,598)	(8,554)	17	(3,008)	(2,991)
	-		-						
Loans to customers and sight deposits	73,544	-	73,544	149,370	(65)	149,305	75,200	-	75,200
Subordinated liabilities		-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	-	-	-	-
	-		-						
Securities purchased / sold with repurchase agreements and loans secured by securities	3,392	-	3,392	5,523	-	5,523	2,673	-	2,673
Lease agreements	**8,549**	**(24)**	**8,525**	**17,369**	**(51)**	**17,318**	**8,014**	**(26)**	**7,988**
Real estate	-	(24)	(24)	-	(51)	(51)	-	*(26)*	*(26)*
Equipment	8,549		8,549	*17,369*		*17,369*	*8,014*	-	*8,014*
Hedging derivatives	1,804	(2,764)	(960)	3,125	(4,937)	(1,812)	**1,567**	**(2,452)**	**(885)**
Financial instruments at fair value through other comprehensive income	-		-	-	-	-	-	-	-
Financial instruments measured at fair value through profit or loss	**(34)**		**(34)**	**149**	-	**149**	**75**	-	**75**
Bonds and other debt instruments	-		-	-	-	-	-	-	-
Receivables from banks	(34)		(34)	*149*	-	*149*	*75*	-	*75*
Loans to customers	-		-	-	-	-	-	-	-
Securities purchased with repurchase agreements	-		-	-	-	-	-	-	-
Total interest income and interest expenses	**87,247**	**(6,456)**	**80,791**	**175,580**	**(15,152)**	**160,428**	**87,546**	**(6,230)**	**81,316**

NOTE 4.8 - IMPAIRMENTS AND PROVISIONS

ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

Level 2 and 3 risk positions are impaired by the amount of credit losses which the Group expects over the life of the risk positions (lifetime expected credit losses). Historical data, the current situation, and trackable changes in economic forecasts, as well as relevant macroeconomic factors up to the maturity date, are taken into consideration. Accordingly, the amount of the impairment is calculated as the difference between the gross carrying amount of the asset and the present value of future cash flows that are expected to be received. The effects of already called security or security expected to be called in the future, as well as the probability of a payment default occurring up to the maturity date, are taken into consideration.

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

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

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

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

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

OVERVIEW OF IMPAIRMENTS AND PROVISIONS

(In euro thousands)	06/30/2022	12/31/2021
Impairments of financial assets at fair value through other comprehensive income	-	-
Impairments of financial assets at amortized cost	**66,447**	**65,194**
Loans and receivables at amortized cost	*64,656*	*63,876*
Other assets at amortized cost	*1,791*	*1,318*
Provisions for financial commitments	1,448	1,361
Provisions for guarantee commitments	-	-
Total impairments upon default	**1,448**	**1,361**

IMPAIRMENTS OF FINANCIAL ASSETS

(In euro thousands)	Impairments at 01/01/2022	Ad-ditions	Available reversals of impair-ments	Net impairment expenses	Recog-nized reversals of impair-ments	Other changes	Impairments at 06/30/2022
Financial assets at amortized cost							
Impairments of performing receivables (Level 1)	20,834	7,138	(6,160)	978	-	-	21,330
Impairments of poorly performing receivables (Level 2)	4,816	7,313	(2,762)	4,551	-	-	7,502
Impairments of doubtful receivables (Level 3)	39,544	26,986	(23,034)	3,952	(7,810)	-	37,615
Total	**65,194**	**41,437**	**(31,956)**	**9,481**	**(7,810)**	-	**66,447**
Thereof finance leases and similar contracts		-	-	-	-	-	-
Impairments of performing receivables (Level 1)	6,000	1,040	(1,052)	(12)	-	-	5,988
Impairments of poorly performing receivables (Level 2)	288	962	(273)	689	-	-	977
Impairments of doubtful receivables (Level 3)	2,596	4,752	(4,356)	396	(844)	-	2,372
Total	**8,884**	**6,754**	**(5,681)**	**1,073**	**(844)**	-	**9,337**

PROVISIONS

(In euro thousands)	Impairments at 01/01/2022	Additions	Available reversals of impair-ments	Net impairment expenses	Recog-nized reversals of impair-ments	Other changes	Impairments at 06/30/2022
Financial commitments							
Impairments of performing receivables (Level 1)	1,335	96	(6)	90	-	-	1,425
Impairments of poorly performing receivables (Level 2)	-	-	-	-	-	-	-
Impairments of doubtful receivables (Level 3)	26	-	(3)	(3)	-	-	23
Total	**1,361**	**96**	**(9)**	**87**	**-**	**-**	**1,448**
Guarantee commitments							
Impairments of performing receivables (Level 1)	-	-	-	-	-	-	-
Impairments of poorly performing receivables (Level 2)	-	-	-	-	-	-	-
Impairments of doubtful receivables (Level 3)	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

RISK EXPENSES

(In euro thousands)	01/01/2022-06/30/2022	2021	01/01/2021-06/30/2021
Credit risk	**(4,008)**	**(2,805)**	**(1,144)**
Net additions to impairments	(5,159)	(4,928)	(2,276)
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at amortized cost	(5,159)	(4,928)	*(2,276)*
Net additions to provisions	*(87)*	*(638)*	(285)
Financial commitments	*(87)*	*(638)*	*(285)*
Guarantee commitments	-	-	-
Unhedged losses from bad loans	-	-	-
Recovered amounts from bad loans	*1,238*	*2,761*	1,417
Other risks	**-**	**-**	**-**
Total	**(4,008)**	**(2,805)**	**(1,144)**

NOTE 4.9 - FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT COST

The fair values of financial instruments not measured at fair value in the statement of financial position are presented in this note to the consolidated financial statements.

FINANCIAL ASSETS MEASURED AT COST

	06/30/2022	
(In euro thousands)	Carrying Amount	Fair Value
Receivables from banks	188,379	188,274
Loans to customers	4,824,740	4,432,873
Loans to customers at amortized cost	*4,373,202*	3,973,672
Receivables from leases	*451,538*	*459,201*
Securities	-	-
Total financial assets measured at cost	**5,013,119**	**4,621,147**

FINANCIAL LIABILITIES MEASURED AT COST

	06/30/2022	
(In euro thousands)	Carrying Amount	Fair Value
Liabilities to banks	3,833,749	3,833,750
Liabilities to customers	135	135
Issued debt instruments	1,624,824	1,624,825
Subordinated liabilities	-	-
Total financial liabilities measured at cost	**5,458,708**	**5,458,710**

MEASUREMENT METHODS

Loans, receivables and finance leases

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

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

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

Liabilities

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

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

NOTE 5 - OTHER ACTIVITIES

NOTE 5.1 - COMMISSION INCOME AND EXPENSES

	01/01/2022-06/30/2022			2021			01/01/2021-06/30/2021		
(In euro thousands)	**Income**	**Expenses**	**Net**	**Income**	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Transactions with banks	-	(495)	(495)	-	(1,150)	(1,150)	-	(526)	(526)
Transactions with customers	9,679	(478)	9,201	23,862	(1,467)	22,395	12,315	(604)	11,711
Operations with financial instruments	-	(3,395)	(3,395)	**-**	(8,527)	(8,527)	-	(7)	(7)
Securities transactions	-	(5)	(5)	-	(20)	(20)	-	(8)	(8)
Loan and guarantee commitments	17,279	-	17,279	41,131	-	41,131	16,649	-	16,649
Other	5,267	(1,287)	3,980	9,892	(3,173)	6,719	1,669	(1,532)	137
Total	**32,225**	**(5,660)**	**26,565**	**74,885**	**(14,337)**	**60,548**	**30,633**	**(2,677)**	**27,956**

NOTE 5.2 - INCOME AND EXPENSES FOR OTHER ACTIVITIES

(In euro thousands)	01/01/2022-06/30/2022			2021			01/01/2021-06/30/2021		
	Income	**Expenses**	**Net**	**Income**	**Ex-penses**	**Net**	**Income**	**Ex-penses**	**Net**
Real estate development	-	-	-	-	-	-	-	-	-
Real estate leasing	-	-	-	-	-	-	-	-	-
Equipment leasing	199,827	(175,241)	24,586	380,689	(346,593)	34,096	158,585	(143,802)	14,783
Other activities	1,316	(35,141)	(33,825)	5,002	(69,492)	(64,490)	1,629	(32,085)	(30,456)
Total	**201,143**	**(210,382)**	**(9,239)**	**385,691**	**(416,085)**	**(30,394)**	**160,214**	**(175,887)**	**(15,673)**

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

(In euro thousands)	01/01/2022-06/30/2022	01/01/2021-06/30/2021
Income from sales of operating lease objects	188,597	95,384
Refund of grants on operating lease objects	71	476
Income from operating leases	2,679	52,528
Other income from operating leases	8,426	10,145
Income from late payment fees	54	52
Other income	1,316	1,629
Total	**201,143**	**160,214**

The expenses for other activities comprise the following items:

(In euro thousands)	01/01/2022-06/30/2022	01/01/2021-06/30/2021
Discounts on operating leases	(850)	(72)
Book losses on sales of operating lease objects	(117,964)	(77,126)
Depreciation of operating lease objects	(41,927)	(49,137)
Other expenses for finance leases	(14,500)	(17,467)
Expenses for inventory-taking	-	-
Expenses for other non-banking activities	(35,112)	(32,080)
Other discounts	(29)	(5)
Total	**(210,382)**	**(175,887)**

NOTE 5.3 - OTHER ASSETS AND LIABILITIES

OTHER ASSETS

(In euro thousands)	06/30/2022	12/31/2021
Clearing accounts for securities transactions	13	13
Prepaid expenses	96,597	93,938
Miscellaneous other receivables	111,380	115,388
Total gross	**207,990**	**209,339**
Impairments	(3,169)	(2,696)
Total net	**204,821**	**206,643**

At June 30, 2022, the item of "Other assets" mainly consisted of inventories, outstanding receivables under operating leases and commission receivables.

Overview of unimpaired past-due receivables:

(In euro thousands)	06/30/2022
Past due 30 to 60 days	-
Past due 61 to 90 days	-
Past due 91 to 180 days	-
Past due in longer than 181 days	-

OTHER LIABILITIES

(In euro thousands)	06/30/2022	12/31/2021
Deposit guarantees received	-	-
Clearing accounts for transactions with securities	9,601	3,212
Employee benefits	2,388	3,504
Lease liabilities	19,160	20,439
Deferred income	24,796	30,873
Miscellaneous other payables	179,686	116,774
Total	**235,631**	**174,802**

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

NOTE 6 - PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

PERSONNEL EXPENSES

(In euro thousands)	01/01/2022-06/30/2022	2021	01/01/2021-06/30/2021
Employee compensation	(28,231)	(55,242)	(28,411)
Social security contributions and payroll taxes	(5,158)	(10,593)	(5,281)
Net pension expenses – Special fund	(85)	(197)	(108)
Net pension expenses – Defined benefit pension plan	(280)	(634)	(421)
Employee profit participation and bonuses	(132)	-	-
Total	**(33,886)**	**(66,666)**	**(34,221)**
Including net expenses of share-based payments	(132)	-	-

DEVELOPMENT OF PROVISIONS FOR EMPLOYEE BENEFITS

(In euro thousands)	Balance at 12/31/2021	Additions	Available reversals of impairments	Net additions	Recognized reversals of impairments	Other changes	Balance at 06/30/2022
Provisions for employee benefits	**34,339**	717	(1,244)	**(527)**	0	(149)	**33,663**

NOTE 7 - INCOME TAXES

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

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

NOTE 8 - EQUITY

The Group's equity amounted to EUR 62.0 million at June 30, 2022. It is composed of Subscribed capital in the amount of EUR 26 thousand (January 1, 2022: EUR 26 thousand) and SGE's profit carried forward, calculated in accordance with the provisions of German commercial law, in the amount of EUR 1.1 million. Other components of equity are the Group reserves arising from consolidation in the amount of EUR 13.7 million and the consolidated net profit for the first half of 2022 in the amount of EUR 7.0 million, as well as unrealized or deferred capital gains and losses in the amount of EUR 22.0 million. Non-controlling interests amounted to EUR 18.2 million.

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

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

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

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

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

NOTE 9 - ADDITIONAL DISCLOSURES

NOTE 9.1 - SEGMENT REPORT

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

Reportable segment	Business activity
Global Banking and Investor Solutions	The object of this operating segment is the issuance of options and certificates via the Group's parent company Société Générale Effekten GmbH. They are sold to counterparties that are all wholly owned subsidiaries of the parent company Société Générale S.A., Paris, or the parent company itself.
Financial Services to Corporates and Retails	This segment comprises all activities conducted by a manufacturer-independent leasing company, including the provision of financing solutions and services for automobiles to car dealers and their customers. The product range covers all financing processes in the car dealership, such as sales financing and leasing, purchase financing and insurance. In addition, smart IT solutions such as web services and an internally developed POS system are offered to car dealers.
Asset Management	This segment comprises the management of investment funds under so-called "master fund manager" models and the insourcing of fund administration from other asset management firms. Direct investments are administered as well. These services are mainly provided to European customers.

(In euro thousands)	Global Banking and Investor Solutions			Financial Services to Corporates and Retails			Asset Management			Group		
	06/30/2022	12/31/2021	06/30/2021	06/30/2022	12/31/2021	06/30/2021	06/30/2022	12/31/2021	06/30/2021	06/30/2022	12/31/2021	06/30/2021
Net banking income	(9,276)	(7,751)	(1,827)	87,891	168,608	81,659	10,317	26,454	13,917	88,932	187,311	93,749
Administrative expenses	43	207	182	(41,967	(81,575)	(39,296)	(16,848)	(32,778)	(17,783)	(58,772)	(144,146)	(56,897)
Gross operating result	**(9,233)**	**(7,544)**	**(1,645)**	**45,924**	**87,033**	**42,363**	**(6,531)**	**(6,324)**	**(3,866)**	**30,160**	**73,165**	**36,852**
Risk expenses	-		-	(4,008	(2,805)	(1,144)	-	-	-	(4,008)	(2,805)	(1,144)
Operating result	**(9,233)**	**(7,544)**	**(1,645)**	**41,916**	**84,228**	**41,219**	**(6,531)**	**(6,324)**	**(3,866)**	**26,152**	**70,360**	**35,708**
Net gains or losses from other assets	-	-	-	-	-	-	1	(984)	-	1	(984)	-
Impairments of goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss before taxes	**(9,233)**	**(7,544)**	**(1,645)**	**41,916**	**84,228**	**41,219**	**(6,530)**	**(7,308)**	**(3,866)**	**26,153**	**69,376**	**35,708**
Income taxes	-	-	-	813	-	-	(1)	-	-	812	-	-
Net result of all companies in the consolidation group	**(9,233)**	**(7,544)**	**(1,645)**	**42,729**	**84,228**	**41,219**	**(6,531)**	**(7,308)**	**(3,866)**	**26,965**	**69,376**	**35,708**
Non-controlling interests	-	-	-	20,012	1,678	(311)	-	-	-	20,012	1,678	(311)
Net profit/loss (Group share)	**(9,233)**	**(7,544)**	**(1,645)**	**22,717**	**82,550**	**41,530**	**(6,531)**	**(7,308)**	**(3,866)**	**6,953**	**67,698**	**36,019**
Assets	2,097,146	2,775,740	2,742,236	5,698,906	5,681,817	5,947,530	150,355	154,663	145,701	7,946,407	8,612,220	8,835,467
Liabilities	2,598,227	3,268,661	3,239,997	5,186,914	5,239,699	5,484,549	99,306	83,903	95,303	7,884,447	8,592,263	8,819,849

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

NOTE 9.2 - OTHER ADMINISTRATIVE EXPENSES

(In euro thousands)	01/01/2022-06/30/2022	2021	01/01/2021-06/30/2021
Rents	(592)	(1,267)	(605)
Taxes	3	(249)	(218)
IT & telecom	(6,854)	(14,585)	(7,132)
Consulting	(3,714)	(6,479)	(3,469)
Other	(10,702)	(18,340)	(8,029)
Total	**(21,859)**	**(40,920)**	**(19,453)**

NOTE 9.3 - PROVISIONS

The provisions recognized in the statement of financial position at June 30, 2022 mainly consisted of provisions for employee benefits and provisions for risks. Accordingly, the potential outflows for these issues are short-term in nature (within 12 months). Liabilities for employee benefits are characterized by uncertainty due to the settlement date.

Breakdown of the main provisions at the reporting date:

(In euro thousands)	Provisions at 12/31/2021	Additions	Available reversals of impairments	Net additions	Recognized reversals of impairments	Other changes	Provisions at 06/30/2022
Provisions for the credit risk of off-balance sheet commitments (see Note 4.8)	1,361	96	(9)	87	-	-	1,448
Provisions for employee benefits (see Note 6)	34,339	717	(1,244)	(527)	-	(149)	33,663
Other provisions	63,066	-	349	349	-	(166)	63,249
Total	**98,766**	**813**	**(904)**	**(91)**	**-**	**(315)**	**98,360**

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

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

NOTE 9.4 - LEASES

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

(In euro thousands)	**Intangible assets**	**Intangible assets under construction**	**Operational equipment (excluding assets under operating leases)**	**Assets under operating leases**	**Investment property**	**Right-of-use assets**	**Total**
Acquisition and production costs							
Balance at December 31, 2021	**23,195**	**-**	**10,951**	**734,330**	**-**	**26,262**	**794,738**
Acquisitions	270	-	1,250	63,431	-	318	**65,269**
Disposals	-	-	(26)	(122,365)	-	(378)	**(122,769)**
Other movements	-	-	-	-	-	-	**-**
Balance at June 30, 2022	**23,456**	**-**	**12,175**	**675,396**	**-**	**26,202**	**737,238**
Accumulated depreciation, amortization, and impairment expenses							
Balance at December 31, 2021	**(20,586)**	**-**	**(6,248)**	**(189,793)**	**-**	**(5,882)**	**(222,509)**
Depreciation and amortization	(688)	-	(868)	(41,927)	-	(1,468)	**(44,951)**
Impairment expenses	-	-	-	(850)	-	-	**(850)**
Reversals of impairments / disposals	-	-	26	51,259	-	218	**51,503**
Other movements	-	-	-	-	-	-	**-**
Balance at June 30, 2022	**(21,274)**	**-**	**(7,090)**	**(181,311)**	**-**	**(7,132)**	**(216,807)**
Carrying amounts							
At December 31, 2021	**2,609**	**-**	**4,703**	**544,537**	**-**	**20,380**	**572,229**
Balance at June 30, 2022	**2,191**	**-**	**5,085**	**494,085**	**-**	**19,070**	**520,431**

LEASE RELATIONSHIP AS LESSOR

OPERATING LEASES

FUTURE MINIMUM LEASE PAYMENTS UNDER OPERATING LEASES

(In euro thousands)	06/30/2022	12/31/2021
Breakdown of the total amount of minimum payments to be received	-	-
Due in less than one year	270,528	275,185
Due in one to five years	284,228	320,102
Due in more than 5 years	9,993	-
Total future minimum lease payments to be received	**564,749**	**595,287**

DETAILS OF LEASING EXPENSES AND INCOME FROM SUB-LEASING

(In euro thousands)	06/30/2022			
	Real estate	Computer equipment	Other	Total
Leasing	**(1,096)**	**(514)**	**(396)**	**(2,006)**
Interest expenses for lease liabilities	(24)			(24)
Depreciation of right-of-use assets	(1,072)		(396)	(1,468)
Expenses for short-term leases	-		-	-
Expenses for low-value leases		(514)		(514)
Expenses for variable lease payments				-
Sub-leasing	**(1)**	**-**	**-**	**(1)**
Income from sub-leasing of right-of-use assets	(1)			(1)

NOTE 10 - DISCLOSURES CONCERNING SIGNIFICANT RISKS

For information on the general organization of risk management, please refer to the comments in the Group management report at June 30, 2022.

COUNTERPARTY DEFAULT RISKS

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

(In euro thousands)	06/30/2022
Financial assets measured at fair value through profit or loss	2,173,074
Hedging derivatives	32,108
Loans to and receivables from banks	188,379
Loans to and receivables from customers	4,373,202
Tax assets	1,285
Receivables under finance leases	451,538
Other assets	204,821
Total	**7,424,407**

In addition, there are irrevocable loan commitments to customers in the nominal amount of EUR 268.2 million, of which EUR 189.1 million in car loans and EUR 79.1 million in car leases.

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

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

The credit value at risk with a confidence level of 99.90% at June 30, 2022 is presented in the table below:

	Sales Financing			
(In euro millions)	EAD	Expected loss	Unexpected loss	Credit Value at Risk
Individual customers	3,282.5	8.6	20.1	28.7
Commercial customers	681.6	7.1	18.1	25.2
Total portfolio	**3,964.1**	**15.7**	**38.2**	**53.9**

(In euro millions)	Dealer Financing EAD	 Expected loss	 Unexpected loss	 Credit Value at Risk
Without manufacturer guarantee	463.8	6.9	19.7	26.6
With manufacturer guarantee	0.0	0.0	0.0	0.0
Total portfolio	**463.8**	**6.9**	**19.7**	**26.6**

(In euro millions)	Leasing EAD	 Expected loss	 Unexpected loss	 Credit Value at Risk
Individual customers	294.7	1.9	7.4	9.4
Commercial customers	679.7	4.9	17.1	22.1
Total portfolio	**974.4**	**6.9**	**24.6**	**31.5**

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

The Group's portfolio in the area of sales financing is divided among individual and commercial customers. Commercial customers include small business owners and self-employed persons. Due to the broad diversification, there are relatively few individual risks in this area. About 86% of the loan agreements are for up to EUR 25,000.

The dealer financing portfolio comprises 927 dealers with total granted credit lines of EUR 1,064 million, of which approximately 54% are for up to EUR 1,000 million. At June 30, 2022, the amount drawn down from these credit lines was EUR 464 million.

MARKET PRICE RISKS

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

The market price risks of the Group's leasing business mainly include the residual value risks assumed by the Group. Residual value risk was assumed for 52% in the first half of financial year 2022 (PY: 57%). Therefore, the percentage of vehicles for which the residual value risk is assumed is 52% of the total volume (PY: 57%).

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

RISKS OF THE CORONAVIRUS CRISIS

The coronavirus pandemic is causing heightened operational risks throughout the world. To minimize these risks, the following risk management measures were already taken in the first half of 2022:

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

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

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

The economic recovery will be heavily influenced by the risks of the COVID-19 virus, the Ukraine-Russia conflict, and rising inflation. We therefore see risks in financial markets combined with high volatility in the short to medium term. Due to the current state of emergency, a valid forecast of the risks arising from the crisis is not possible at the present time (see also the comments in the report on opportunities in the Group management report).

LIQUIDITY RISK

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

As of June 30, 2022, SG Effekten disposed of a credit line with Société Générale S.A. Frankfurt Branch in the amount of EUR 10 million, from which an amount of EUR 2.3 million had been drawn down, as well as credit lines in the Financial Services to Corporates and Retails segment in the amount of EUR 7,325 million, from which EUR 2,289 million had not been drawn down.

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

- The structure of assets must enable the operating segments to develop their activity in a liquidity-conserving way and in conformance with the structure of the target value of liabilities. This development must be pursued in conformance with the liquidity bottlenecks specified within the Group (in a static or stress scenario) and the regulatory requirements.
- The structure of liabilities depends on the ability of the operating segments to borrow funds from banks and customers and the Group's ability to permanently borrow funds in the markets in accordance with its risk appetite. The control system relies on measuring and limiting the liquidity bottlenecks of the operating segments in reference scenarios or in stress situations, their financing needs within the Group, the financing borrowed by the Group in the market, the available suitable assets, and the contribution of the operating segments to the regulatory indicators.
- In conducting their activities, the operating segments must heed static bottlenecks in the event of lacking or low liquidity by turning to the parent company's central Treasury Department. Where appropriate, the Treasury Department can maintain a conversion or counter-conversion position, which it must monitor, manage, and control within the scope of the risk limits imposed on it.
- The internal liquidity stress tests conducted on the basis of systemic, specific, or combined scenarios are supported at the level of the parent company. They are used to ensure that the time horizon established by the Board of Directors for the company's continuation as a going concern is met, and to calibrate the amount of the liquidity reserve. They are supported by a Contingency Funding Plan, which defines the measures to be taken in the event of a liquidity crisis.
- The financing requirements of the operating segments (short-term and long-term) are limited in accordance with the business development objectives and in accordance with the capacities and objectives for the Group's borrowing of funds.
- A long-term funding plan is prepared to cover future redemptions and fund the growth of the operating segments.
- The Group's short-term funds are scaled in such a way as to fund the short-term needs of the operating segments over the time horizons corresponding to asset management and in line with the requirements applicable to the business. As mentioned above, they are scaled on the assets side according to the liquidity reserve and in accordance with the specified survival horizons under stress conditions and the target set for the regulatory liquidity ratios (LCR/NSFR).
- Finally, the liquidity costs are limited by the internal funding scale. The funds allocated to the operating segments are charged to them on the basis of scales that reflect the Group's liquidity costs.

The goal of this system is to optimize the use of external funding sources by the operating segments. It serves to control the equilibrium of financing in the statement of financial position.

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

The maturities of the Group's receivables and liabilities at June 30, 2022 are presented in the table below:

Receivables:

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**06/30/2022**
Financial assets measured at fair value through profit or loss	54,323	913,171	740,260	465,320	2,173,074
Hedging derivatives	32,108	-	-	-	32,108
Receivables from banks at amortized cost	172,297	3,380	8,452	4,250	188,379
Loans to and receivables from customers at amortized cost	656,857	1,174,580	2,476,652	65,113	4,373,202
Receivables from finance leases	40,903	116,403	297,156	(2,924)	451,538
Other assets	197,199	255,986	262,167	12,754	728,106
Total receivables	**1,153,686**	**2,463,520**	**3,784,687**	**544,513**	**7,946,407**

Liabilities:

(In euro thousands)	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**06/30/2022**
Financial liabilities measured at fair value through profit or loss	50,756	885,347	698,665	456,980	2,091,748
Hedging derivatives	-	-	-	-	-
Securitized liabilities	183,242	480,387	61,195	-	1,624,824
Liabilities to banks	590,199	790,770	2,249,168	203,612	3,833,749
Liabilities to customers	135	-	-	-	135
Other liabilities	150,738	97,461	66,504	19,288	333,991
Total liabilities	**975,070**	**2,253,965**	**3,975,532**	**679,880**	**7,884,447**

RISKS OF LEGAL DISPUTES

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

NOTE 11 - DEALINGS WITH RELATED ENTITIES AND NATURAL PERSONS

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

The related parties of the Group include:

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

BUSINESS DEALINGS WITH RELATED PERSONS IN KEY POSITIONS

The Managing Directors are regarded as members of the company in key positions of SG Effekten GmbH. As of June 30, 2022, the Managing Directors received compensation totaling EUR 21.6 thousand as short-term benefits for the prior year. As of June 30, 2022, liabilities for salaries totaling EUR 9 thousand were owed to the Managing Directors.

The current Managing Directors Mr. Helmut Höfer and Ms. Nurten Spitzer-Erdogan are employees of Société Générale S.A., Frankfurt am Main branch (parent company of Société Générale Effekten GmbH). Ms. Françoise Esnouf retired from the Company and was removed from her position as Managing Director of Société Générale Effekten GmbH effective March 31, 2022.

BUSINESS DEALINGS WITH SUBSIDIARIES

No transactions were conducted with subsidiaries in the first half of financial year 2022 aside from the payment of the liability of EUR 17,957 thousand by Société Générale Effekten GmbH to Société Générale Securities Services GmbH and the payment of the receivable of EUR 68,936 thousand within the scope of the profit/loss transfer agreement for the year 2021.

BUSINESS DEALINGS WITH COMPANIES OF THE SAME CORPORATE GROUP

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

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

Transactions conducted with companies of the same corporate group:

(In euro thousands)	**Existing balances at 06/30/2022**
Assets	(20,906,253)
Liabilities*	20,292,650
Expenses	3,643,592
Income	4,987,932

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

NOTE 12 - TRUST BUSINESS

In addition to the transactions presented in the statement of financial position, the Group operates under a trust agreement with the sole shareholder Société Générale S.A., Paris. As part of this trust activity, Société Générale Effekten GmbH handles the issuance of debt instruments in its own name and for account of Société Générale S.A., Paris. The certificates issued under trust transactions are offset by hedging transactions of the same amount. These transactions are not recognized in the statement of financial position because the Company has no control over them. At the reporting date, trust transactions measured at fair value amounted to EUR 431,826 thousand.

NOTE 13 - COMPENSATION OF THE MANAGEMENT

Société Générale S.A. Frankfurt Branch received EUR 600 per month for the work of each Managing Director. Thus, the total compensation of the Managing Directors for the first half of financial year 2022 amounted to EUR 9 thousand.

NOTE 14 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

Frankfurt am Main, September 27, 2022

The Management

Société Générale Effekten GmbH

Helmut Höfer	Nurten Spitzer-Erdogan