

**Société Générale Effekten GmbH  
Frankfurt am Main**

**Management Report  
for the 2022 financial year**

**A. Legal and commercial basis of the Company**

Société Générale Effekten GmbH (SGE) is a 100% subsidiary of Société Générale S.A. Frankfurt, which is a branch of Société Générale S.A., Paris (SG). The purpose of the company is to issue and sell securities and to purchase, sell, hold and manage equity interests.

The securities issued by SGE are publicly offered in individual or multiple countries of the European Economic Area or Switzerland. In addition, admission for the securities to trading in a regulated market or a multilateral trading system in the European Economic Area or on a Swiss stock exchange may also be applied for. Currently, the respective trading venues include the stock exchanges in Frankfurt, Stuttgart, Madrid, Barcelona, Milan, Paris, Stockholm and Zurich.

The issues are taken over by SG and, in a second step, they are placed with end customers by SG, so that no influence on the economic circumstances of the issuer results from this action. Redemption of the securities is guaranteed by SG in the form of a parent company guarantee.

The parent company guarantee can be viewed at:

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

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

**B. Financial review**

**I. General economic and industry-specific conditions**

The German economy in 2022 was affected by the war in Ukraine, the energy crisis, high inflation, lingering supply problems and the after-effects of the coronavirus pandemic. After the German economy held up well despite difficult conditions in the first three quarters, economic output declined in the fourth quarter of 2022.<sup>1</sup> Gross domestic product fell by 0.4% in the fourth quarter of 2022 from the third quarter of 2022. For the year 2022 as a whole, gross domestic product rose by 1.8% compared to 2021. Trends varied in different business sectors. Service sectors in particular profited from pent-up demand after nearly all coronavirus safety measures

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

were ended. In addition, private consumer spending represents an important growth factor in the German economy. It rose by an inflation-adjusted 4.6% compared to the previous year, nearly reaching the pre-Covid level of 2019.<sup>2</sup>

Over the past two years, prices for energy products (fuels, electricity, natural gas and light fuel oil) rose sharply worldwide. A major reason for the price increase for energy products in the euro zone was many Member States' previous high level of dependence on Russian natural gas supplies. Russia had already reduced natural gas supplies prior to its attack on Ukraine. After the war started, Russia further curtailed supplies, so that dependent countries had to develop new supply relationships to cover their demand for natural gas. This led to a sharp increase in natural gas prices worldwide. The price rise for energy products was particularly steep in Germany compared to other industrialized countries from the start of the year.<sup>3</sup>

Inflation in Germany was higher in 2022 than it had ever been since reunification. For the full year, the inflation rate was 7.9% (after recalculation of shopping cart data the inflation rate is 6.9%), whereas the inflation rate in 2021 was 3.1%. As in the past, it was mainly energy products and food that became expensive, especially since the start of the war in Ukraine. The monthly inflation rate was high throughout the entire year 2022. The highest rate was calculated in October 2022 at 10.4%. To lighten the burden, the German federal government introduced relief measures, including the lowering of VAT on natural gas and district heat, besides the 9-euro ticket, the gasoline rebate and the end of the EEC reallocation charge. In addition, a one-time takeover of natural gas and heating bills in December 2022 was passed as a relief measure for the rise in energy prices. Among other benefits, this measure slowed the inflation rate in December to 8.6%.<sup>4</sup>

To combat inflation, the European Central Bank (ECB) raised the key interest rate by 0.5 percentage points in July 2022 for the first time since 2011. After the second interest rate increase by 0.75 percentage points in September 2022, there was a third interest rate increase in November, likewise by 0.75 percentage points. Finally, there was a 0.5 percentage-point increase to 2.5% in December 2022.<sup>5</sup> Many economists assume that inflation will lessen in 2023, but that price pressure will remain high, and they expect further interest rate hikes.<sup>6</sup> This assumption was confirmed by additional interest rate increases in February and March 2023, so that right now the key interest rate stands at 3.5%.<sup>7</sup>

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<sup>2</sup> German Federal Office of Statistics (February 24, 2023). Gross domestic product: Detailed findings on economic output in the 4th quarter of 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23\\_070\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_070_811.html) (February 24, 2023).

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

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

<sup>5</sup> Commerzbank (January 24, 2023). ECB interest rate increase: what the decision means for your money. <https://www.commerzbank.de/blog/aktuelles/ezb-zinserhoehung/> (February 20, 2023).

<sup>6</sup> German Federal Office of Statistics. (January 17, 2023). Inflation rate at 7.9% in 2022 [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23\\_022\\_611.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_022_611.html) (February 20, 2023), Handelsblatt. (January 3, 2023). Surprisingly sharp drop in German inflation: What economists expect for 2023. <https://www.handelsblatt.com/finanzen/geldpolitik/preisentwicklung-deutsche-inflation-faellt-ueberraschend-stark-was-oekonomen-fuer-2023-erwarten/28895950.html> (February 20, 2023).

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

The German economy is significantly influenced by economic growth in foreign countries, particularly China and the United States. China's economy grew by only 3% in 2022; thus, China missed its growth target of 5.5%. China's strict Zero-Covid strategy in particular, with lockdowns and other restrictions, put a brake on the Chinese economy in the last year. Since the strict Covid measures were lifted in December 2022, an economic recovery is expected in the new year.<sup>8</sup> The US economy, on the other hand, showed strong economic growth, despite high inflation and rising interest rates. Its gross domestic product, extrapolated to the year, increased by 2.9%.<sup>9</sup> Compared to China and the United States, the economy in the euro zone grew faster in 2022.<sup>10</sup> According to the European Commission, the European economy is more robust than expected one year after the start of the Russian war of aggression against Ukraine. The economy grew by 3.5% in the euro zone and by 3.6% in the EU.<sup>11</sup> The EU labor market also appeared robust. The unemployment rate at 6.1% in 2022 was lower than it ever had been.<sup>12</sup>

On March 19, 2022, the previous legal bases for most anti-coronavirus safety measures expired. That ended the "vaccinated, recovered or tested" regulation for access to the workplace and the obligation to work at home.<sup>13</sup>

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

## II. Business developments

The Company's issuance activity in the 2022 financial year increased by 25.8% from the previous year (2022: 579,956 issued products; 2021: 460,963 issued products).

A total of 28,592 investment products (PY: 41,639) were issued in 2022. In the category of products without capital protection, 14,438 products were issued as discount certificates, 9,954 products as bonus certificates, 3,860 products as reverse convertibles, 169 products as index / participation certificates, 156 products as express certificates, and 1 product as an outperformance / sprint certificate. In the category of products with capital protection, 8 products were issued as structured bonds and 6 products as capital protection certificates.

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

<sup>9</sup> Handelsblatt (January 26, 2023). Plus 2.9 percent: US economy grows more strongly than expected in the fourth quarter of 2022. <https://www.zeit.de/wirtschaft/2023-01/usa-wirtschaft-2022-leichtes-wachstum-inflation> (February 17, 2023).

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

<sup>11</sup> German Federal Office of Statistics (January 31, 2023). GDP up 0.1% in the euro zone and unchanged in the EU. <https://ec.europa.eu/eurostat/documents/2995521/15725194/2-31012023-AP-DE.pdf/fa543b32-9b8f-fe51-9b1b-50d72e7aef0f> (February 17, 2023), European Commission. (February 13, 2023). 2023 Winter Forecast: EU economy likely avoids recession, but head winds persist. [https://ec.europa.eu/commission/presscorner/detail/de/ip\\_23\\_707](https://ec.europa.eu/commission/presscorner/detail/de/ip_23_707) (February 20, 2023).

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

<sup>13</sup> German Federal Government (March 30, 2022). More Normalcy in Everyday Life. <https://www.bundesregierung.de/breg-de/suche/infektionsschutzgesetz-2013038> (August 17, 2022).

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

The German market accounted for 76% and foreign markets accounted for 24% (of which 35% France, 34% Scandinavian market, 13% Switzerland, 12% Benelux, and 4% Iberian market, Italy and United Kingdom less than 2%) of the increase in issuance activity.

The subsidiary ALD Finanz Lease GmbH, Hamburg, acquired in 2017, held its own in a difficult market environment, though it saw a slight dip in profits. The impairment recognized in the purchase price paid for the interests in Société Générale Securities Services GmbH, which reduced the carrying amount of this investment from EUR 515 thousand to EUR 1.00, due to future profit expectations, was kept in place.

The overall performance in the financial year can be regarded as positive considering the expansion of issuance activities. The subsidiaries unfortunately fell short of expectations and missed the previous year's forecast.

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

#### **a) Financial position**

Compared to the previous year, total assets declined by EUR 472 million to EUR 31,942 million. This reduction is primarily attributable to the lower issuance volume in the categories of certificates.

The balance sheet mainly presents the issued certificates (balance sheet item: Liabilities from issued certificates) and the hedging transactions conducted in this connection (balance sheet item: Receivables from affiliated companies from the investment of issue proceeds) and the issued warrants (balance sheet item: Other liabilities) and the hedging transactions conducted in this connection (balance sheet item: Other assets). The value of the items presented in the balance sheet varies depending on the number and nominal amounts of issued securities and the related hedging transactions.

The Company presented the companies acquired at January 1, 2017 (ALD Lease Finanz GmbH and Société Générale Securities Services GmbH) in the balance sheet as Noncurrent financial assets – Interests in affiliated companies.

The Company's share capital remains unchanged at EUR 26 thousand. In addition, the company holds EUR 1,138 thousand (PY: EUR 1.138 thousand) in profit carried forward. The Company's equity remained unchanged year-on-year because the Company entered into a profit transfer agreement with Société Générale Frankfurt as of January 1, 2016, and thus any profits earned or losses incurred are transferred to or compensated by Société Générale Frankfurt.

Receivables are owed by Société Générale Frankfurt and Société Générale S.A., Paris, particularly in connection with the issuing activities. Receivables are also owed by ALD Lease Finanz GmbH under the profit transfer agreement concluded between ALD Lease Finanz GmbH (subsidiary company) and Société Générale Effekten GmbH (parent company) on September 26, 2017. Possible credit risks do not exist outside of the Société Générale group.

Liabilities are mainly incurred from the issuance of certificates and warrants, as well as a loan received from Société Générale Frankfurt for the acquisition of the subsidiaries Société Générale Securities Services GmbH, Aschheim, and ALD Lease Finanz GmbH, Hamburg, as of January 1, 2017.

There are also liabilities from the absorption of the loss of Société Générale Securities Services GmbH, Aschheim, on the basis of a profit transfer agreement concluded between Société Générale Securities Services GmbH (subsidiary company) and Société Générale Effekten GmbH (parent company) on December 1, 2017.

The financial position was sound in financial year 2022.

#### b) Financial performance

The proceeds from the sale of issued warrants and certificates are always offset by the expenses for the acquisition of the corresponding hedging transactions, so that the Company itself does not generate any profit from its issuance activities. In accordance with IDW RS HFA 35 para. 86, the cash flows resulting from the termination of the hedge have been recognized directly in equity, with no effect on the income statement, since the 2021 financial year.

Because currency risks are hedged, exchange rate fluctuations have no effect on the Company's income statement.

Due to the ongoing economic development of Société Générale Securities Services GmbH, the writedown of shares in Société Générale Securities Services GmbH to a memo value of EUR 1.00 was kept in place.

Personnel expenses and other operating expenses are passed on to Société Générale S.A., Paris, and Société Générale S.A., Frankfurt Branch, based on a "cost plus" arrangement. The EUR 1,877 thousand decrease in other operating expenses compared to the previous year resulted mainly from cost reductions in the issuance process.

In its income statement, the Company recognized income from a profit transfer agreement resulting from the profit of ALD Lease Finanz GmbH, which the Company recognizes in the same period on the basis of the profit transfer agreement concluded with ALD Lease Finanz GmbH, and expenses for the absorption of the loss of Société Générale Securities Services GmbH, which the Company recognizes in the same period on the basis of a profit transfer agreement.

Interest and similar expenses mainly consisted of interest payments on the loan granted by Société Générale Frankfurt in December 2016 to finance the acquisition of subsidiaries.

Due to a profit transfer agreement concluded with Société Générale Frankfurt effective January 1, 2016, the Company shows no net profit/loss for the year as of December 31, 2022.

The financial performance was sound in financial year 2022.

c) Cash flows and liquidity position

The nature and execution of the Company's business activities are aimed at maintaining a balanced liquidity position at all times.

Liabilities from the issuance of certificates and warrants are always hedged by maturity-matched financial instruments denominated in the same currency and bearing an identical price risk.

Business transactions affecting cash flow result from the issues and the corresponding hedging transactions, from the payment of personnel and other operating expenses, and the charging of these expenses to Société Générale S.A., Paris, and Société Générale Frankfurt.

Due to the complete reimbursement of all expenses incurred upon issuance by the parent company, the Company has sufficient liquidity and is in a position to satisfy all payment obligations.

At the reporting date of December 31, 2022, the Company recognized a liability to Société Générale Frankfurt in the amount of EUR 407,223 thousand, which is presented in the item of Liabilities to affiliated companies. At the reporting date of December 31, 2022, the Company recognized a receivable from Société Générale Frankfurt in the amount of EUR 624 thousand and a receivable from Société Générale S.A. in the amount of EUR 1,117 thousand under the cost-plus agreements in effect.

Under the existing profit transfer agreements, the Company recognized receivables from ALD Lease Finanz GmbH in the amount of EUR 59,447 thousand and liabilities to Société Générale Securities Services GmbH in the amount of EUR 29,268 thousand from the loss absorption, and liabilities to Société Générale Frankfurt in the amount of EUR 27,144 thousand from the profit transfer.

The Company can resort to a committed credit facility of Société Générale S.A. Frankfurt Branch in the amount of EUR 10,000 thousand. As of the reporting date, it had not been utilized. In addition, Société Générale S.A., Paris, promised the Company in a letter of comfort dated April 30, 2015 that the liquidity risks from expenses and the issuance business are secured.

The liquidity position was sound in financial year 2022.

The Société Générale Group emphasizes the strength of its balance sheet (CET1 ratio of 13.5% at December 31, 2022), which provides a cushion of around 420 basis points above the

regulatory requirements. Its liquidity position was likewise strong, with a LCR ratio of 141% at the end of December 2022. Société Générale S.A., Paris, will recommend to the Annual General Meeting the payment of a dividend of EUR 1.70 per share.

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

On the one hand, the Company is a pure issuing vehicle without its own credit rating, which generates income from the cost-plus agreements in effect with Société Générale S.A. Paris and Société Générale Frankfurt. On the other hand, the Company derives its income from the equity interests held by the Company. The management of the issuance vehicle is based on the “engineering” of new products and the associated targeted placement of securities with investors. The subsidiaries manage their business under their own responsibility.

The Company largely relies on the systems and control procedures of the parent company for its own internal controlling. To enhance operational efficiency, the parent company continuously adjusts its systems and control procedures and adds to these controls as needed. The financial accounting processes and the related controls are reviewed on a continual basis and adjusted when necessary.

No other non-financial performance indicators are used.

### **C. Report on the Company’s future development, opportunities and risks**

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

The economic consequences of the war in Ukraine, persistently high energy prices and inflation are hurting the German economic outlook. Nonetheless, the German economy started the year 2023 better than was anticipated in the fall forecast. In view of the good handling of the energy crisis so far, Germany is likely to barely avoid recession.<sup>14</sup> First, a natural gas shortage is no longer expected, and second, the brake on electricity and natural gas prices are alleviating energy costs for private households and businesses. Even the turmoil in the energy markets has markedly subsided, which should particularly benefit corporate capital expenditures and industrial production. Industrial production should remain robust in the current winter quarter as well, against the backdrop of loosening supply bottlenecks and high order backlogs.<sup>15</sup> For the entire year 2023, the German federal government expects growth of 0.2% with an additional increase of 1.8% for 2024.<sup>16</sup>

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

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

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

The inflation rate in Germany remained high at the start of the year and was 8.7% in January 2023. Energy products and food are still the driving force behind inflation.<sup>17</sup> According to the Deutsche Bundesbank, the inflation rate will lessen in the coming months, but there is generally a high level of uncertainty about the price trend.<sup>18</sup> The German federal government assumes that an inflation rate of 6% will be reached for the entire year 2023.<sup>19</sup>

To counteract inflation, the ECB decided in March 2023 to raise interest rates again by 0.5 percentage points, making the key interest rate 3.5% since then.<sup>20</sup> The ECB intends to raise rates further due to the pressure connected with underlying inflation.<sup>21</sup>

Unemployment rose seasonally in January 2023 by around 162,000 compared to the previous month, to 2.6 million. Seasonally-adjusted, the number of unemployed fell by 15,000. The unemployment rate is 5.7%. Despite the difficult economic environment, the labor market appears robust.<sup>22</sup> According to the federal government, the number of persons gainfully employed should increase this year to about 45.7 million.<sup>23</sup>

Due to the easing pandemic situation in Germany, there is no longer a mask requirement for commuter and long-distance travel as of February 2, 2023.<sup>24</sup> In addition, the remaining testing and masking requirements also expired on March 1, 2023, so that further business impacts of the coronavirus pandemic are not to be expected. The economic development in Germany in 2023 will be influenced decisively by the Russian invasion of Ukraine and high inflation.<sup>25</sup>

The growth strategy of the Société Générale Group is focused on Germany, as evidenced by issuance activity, given that 76% of products are issued in Germany.

The Management expects that the Company's issuance activity will increase further. As in prior years, a broad range of warrants and certificates will be offered in 2023. Moreover, the volatile market environment will probably lead to a higher volume of follow-up issues of turbo warrants as barriers are breached.

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

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

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

<sup>20</sup> European Central Bank (March 16, 2023). Monetary Policy Decisions. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230316~aad5249f30.de.html#:~:text=EZB%2DLeitzinsen&text=M%C3%A4rzt%20auf%203%2C50,3%2C00%20%25%20erh%C3%B6ht.> (March 28, 2023).

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

<sup>22</sup> Federal Ministry of Labor and Social Affairs (January 31, 2023). Stable Labor Market in a Difficult Economic Environment. <https://www.bmas.de/DE/Service/Presse/Pressemitteilungen/2023/arbeitsmarktzahlen-januar-2023.html> (February 27, 2023).

<sup>23</sup> German Federal Government (January 25, 2023). 2023 Annual Economic Report. <https://www.bundesregierung.de/breg-de/aktuelles/jahreswirtschaftsbericht-2023-2160264> (February 22, 2023).

<sup>24</sup> German Federal Government (February 2, 2023). No more mask requirement for long-distance travel. <https://www.bundesregierung.de/breg-de/themen/coronavirus/maskenpflicht-entfaellt-2157682> (February 27, 2023).

<sup>25</sup> German Federal Government (February 24, 2023). Additional testing and mask requirements ended in March 2023. <https://www.bundesregierung.de/breg-de/themen/coronavirus/corona-schutzmassnahmen-2165474> (February 27, 2023).



In 2023, the Company expects a profit contribution from ALD Lease Finanz GmbH of EUR 74 million and loss absorption expenses from the loss of Société Générale Securities Services GmbH in the amount of approximately EUR 10 million on the basis of the profit transfer agreements concluded with those companies. Depending on the development of the Ukraine-Russia conflict and of inflation, a negative deviation from the offered forecast cannot be ruled out.

Including the accrued interest on the borrowed loans in the amount of approx. EUR 3.5 million and the reimbursements made on the basis of the cost-plus agreement, the Company expects a profit of approx. EUR 60.5 million before the profit transfer to Société Générale Frankfurt.

Thanks to the existing, currently unutilized credit facility with Société Générale S.A., Frankfurt Branch, in the amount of EUR 10 million, no liquidity shortages are expected.

## **II. Risk Report**

The Company's risk situation is characterized by its well-organized transaction structure and its close integration into the Société Générale group. The fact that all risks incurred are borne by the parent company under the terms of a "global guarantee" is taken into consideration with respect to the risk management of the warrants and certificates business.

In the 2022 financial year, potential effects from sustainability risks on SGE, including its subsidiaries ALD Lease Finanz GmbH and Société Générale Securities Services GmbH, were taken into consideration. Sustainability risks are events or conditions from the areas of the environment, social affairs, or corporate governance, the occurrence of which can have actual or potential negative impacts on the financial position, cash flows and liquidity position, financial performance, and reputation of the Company.

Sustainability risks are taken into account under the respective risk types.

Potentially occurring risks in financial year 2022 were as follows:

### Counterparty default risks

There are no settlement risks because the payments from the sale of the securities issued and from the purchase of the hedging transactions, as well as those from any exercise of options, are always balanced. Receivables from offsetting transactions are only owed by Société Générale S.A., Paris. The credit rating of Société Générale S.A., Paris, and its subsidiaries is the key factor for risk assessment, and it is sound.

In general, sustainability risks can arise in form of physical and transitory risks in the business field in which ALD Lease Finanz GmbH is active along with Bank Deutsches Kraftfahrzeuggewerbe GmbH.

The ongoing transformation of engine types toward electromobility and possible changes in legal framework conditions constitute possible factors of influence on the future financial position and performance.

ALD Lease Finanz GmbH along with Bank Deutsches Kraftfahrzeuggewerbe GmbH are mostly involved in the financing of used cars. Because the share of electrical vehicles in the used car market is still relatively small, the effects will show up with a time-lag compared to the new car market.

The possible increasing importance of CO2 footprints in financial markets could have a negative impact on the business model, if price mechanisms consider such ESG factors earlier or more intensively than the loan inventory grows, and thus the refinancing sources become costlier or scarcer.

In the course of preparation for the upcoming 7th MaRisk Amendment, in which the consideration of ESG risks across the board is one of the major innovations, the necessary fields of action were identified, cataloged and assigned to the responsible organizational units.

A strategy was developed in the current financial year to identify and take advantage of opportunities beyond risk management.

#### Market price risks

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

#### Liquidity risks

Daily monitoring of the payment flows and close coordination with the back-office departments of Société Générale S.A., Paris, ensure that the Company is always in a position to fulfill its payment obligations. No liquidity risks can be discerned at present due to the integration into the Société Générale group, the hedging of issues by means of direct offsetting transactions with Société Générale S.A., Paris, and the existing cost-plus agreements for issuance and administrative expenses.

#### Operational risks

Société Générale S.A., Paris, has developed processes and systems for monitoring and controlling operational risks that are used by Société Générale Effekten GmbH. They are essentially based on the principle of permanent monitoring. Specially designed applications document processes and evaluate them according to prescribed criteria in order to prevent losses from operational risks. When considering operational risks, one must also include climate-related risks. Climate-related risks are divided into four sub-categories: Physical risks

(consequences of extreme weather events and changes in climatic and ecological conditions), mitigation risks (statutory measures to reduce greenhouse gas emissions), transition risks (risks following adjustment processes) and adaptation risks (measures to prepare society and the environment for the effects of the climate crisis). The greatest risks to society can arise from physical risks. To minimize these risks, precautions in the context of the Business Continuity Plan (BCP) were undertaken to maintain seamless business operations in the event of disruptions to the infrastructure.

The same rules and principles apply to the outsourced processes in the service centers in Bangalore and Bucharest as apply to Société Générale Effekten GmbH. Compliance with required processes is assured by means of standardized committees and key process indicators (KPIs).

The described measures and processes made it possible to ensure that no operational risks occurred in financial year 2022 in the following areas:

- Regulatory reports
- Information technology risks
- Outsourcing risks
- Fraud risks

There were no significant changes to the risk situation compared to the prior year. Based on currently available information, there are no discernible risks that could endanger the Company's continued operation as a going concern. Operational risks have been limited by the ability of employees to work from home. They can work from home via a secured VPN access.

The new product process described in the opportunity report does not exacerbate existing risks or give rise to new risks. Neither the Ukraine-Russia conflict nor high inflation had serious effects on the Company.

The hedging relationships between issued certificates and warrants, on the one hand, and offsetting transactions, on the other hand, are always assured by means of complete symmetrical representation.

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

It is expected that future economic conditions will be impacted in 2023 by the Ukraine-Russia conflict and rising inflation. The 0.4% economic slowdown that began in Germany in the fourth quarter of 2022 is expected to be righted by the end of the first quarter of 2023.<sup>26</sup> The Federal Ministry of the Economy and Climate Protection anticipates a stagnant economy for the first quarter of 2023.<sup>27</sup> Full-year economic growth of 0.2% is expected.<sup>28</sup>

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<sup>26</sup> German Federal Office of Statistics (February 24, 2023). Gross domestic product: Detailed findings on economic output in the 4th quarter of 2022. [https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23\\_070\\_811.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/02/PD23_070_811.html) (February 24, 2023).

<sup>27</sup> Federal Ministry of the Economy and Climate Protection (December 23, 2022). GDP Nowcast for the 4th Quarter of 2022 and the 1st Quarter of 2023. <https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2023/01/12-konjunktur-BIP->

To offer investors the best-possible selection of products, the product portfolio is adapted to current market conditions on a daily basis.

The Company's strategy is designed to identify emerging opportunities in good time, to assess them using our risk management system or resource estimator, and to use them for the Company's successful development by implementing suitable measures. Due to the Company's activity as an issuance vehicle within the group of Société Générale S.A., Paris, which hedges all risks with hedging transactions, a New Product Committee (NPC) is appointed in each case to design new products at the level of Société Générale S.A., Paris. In this context, all departments involved in the issuing process point out their specific needs and resource allocations.

Consideration is given to all relevant factors for the Company, such as markets, competitive situation, strategic orientation, existing organization, personnel, back office, technical processing capacity, and volume factors. The risks of the 2023 financial year will be analyzed to that effect and the risk management system will be adjusted accordingly.

Under the current circumstances, particularly given the Ukraine-Russia conflict and the high inflation rate, it is difficult to make a statement about the outlook for the 2023 financial year. Generally speaking, however, the Management expects the positive development to continue.

#### **D. Internal controls and risk management system as they relate 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, supervision by the European Central Bank (ECB); 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, which is continually adjusted to match the latest requirements.

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<sup>28</sup> German Federal Government (January 25, 2023). 2023 Annual Economic Report.

<https://www.bundesregierung.de/bregde/aktuelles/jahreswirtschaftsbericht-2023-2160264> (February 22, 2023).

## **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 and trained in 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., Paris, 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 dedicated teams, e.g. (i) for sensitive processes for which stricter or standardized controls are required or to avoid self-controls, 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.

Frankfurt am Main, April 27, 2023

The Management

Société Générale Effekten GmbH

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Helmut Höfer

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Nurten Spitzer-Erdogan



SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBH. FRANKFURT AM MAIN

BALANCE SHEET at 12/31/2022

<u>ASSETS</u>	31.12.2022 EUR	31.12.2021 EUR	<u>EQUITY AND LIABILITIES</u>	31.12.2022 EUR	31.12.2021 EUR
<b>A. NONCURRENT ASSETS</b>			<b>A. EQUITY</b>		
Noncurrent financial assets			I. Subscribed capital	25.564,59	25.564,59
Interests in affiliated companies	406.708.441,30	406.708.441,30	II. Profit carried forward	1.137.724,99	1.137.724,99
<b>B. CURRENT ASSETS</b>			III. Financial year net profit/loss	0,00	0,00
Receivables and other assets				<u>1.163.289,58</u>	<u>1.163.289,58</u>
1. Receivables from affiliated companies			<b>B. PROVISIONS</b>		
a) From the investment of issue proceeds	5.105.659.095,24	6.425.434.067,23	I. Provisions for pensions and similar obligations	222.649,00	191.185,00
- thereof due in more than one			II. Other provisions	1.030.922,41	1.192.540,61
year: EUR 2,954,303,463.60				<u>1.253.571,41</u>	<u>1.383.725,61</u>
(PY: EUR 3,552,603,094.98)			<b>C. LIABILITIES</b>		
b) Other receivables	61.186.947,74	73.050.626,85	I. Liabilities from issued certificates	5.105.659.095,24	6.425.434.069,01
- thereof due in more than one			- thereof due in up to one		
year: EUR 0.00 (PY: EUR 0.00)			year: EUR 2,151,355,631.68 (PY: EUR 2,872,830,972.17)		
2. Other assets	25.612.959.407,15	24.234.045.036,98	- thereof due to affiliated companies:		
- thereof due in more than one			EUR 5,105,659,095.24 (PY: EUR 6,425,434,069.01)		
year: EUR 19,930,408,472.07 (PY: EUR 20,069,686,167.84)			II. Trade payables	124.632,66	401.026,63
- thereof due from affiliated companies:			- thereof due in up to one		
EUR 25,612,959,407.15 (PY: EUR 24,234,045,036.98)			year: EUR 124.632.66 (PY: EUR 401,026.63)		
	<u>30.779.805.450,13</u>	<u>30.732.529.731,06</u>	III. Liabilities to affiliated companies	466.864.834,02	473.222.955,03
<b>C. TRUST ASSETS</b>			- thereof due in up to one		
Receivables	755.598.292,78	1.275.088.044,25	year: EUR 59,641,740.15 (PY: EUR 65,999,891.16)	25.611.448.468,51	24.237.633.106,50
- thereof due in more than one			IV. Other liabilities		
year: EUR 193,253,165.31 (PY: EUR 600,919,038.45)			- thereof due in up to one		
- thereof due from affiliated companies:			year: EUR 5,680,999,845.56 (PY: EUR 4,167,047,753.82)		
EUR 755,958,292.78 (PY: EUR 1,275,088,044.25)			- thereof due to affiliated companies:		
			EUR 25,611,448,468.51 (PY: EUR 24,237,633,106.50)		
				<u>31.184.097.030,44</u>	<u>31.136.691.157,16</u>
	<u>31.942.112.184,21</u>	<u>32.414.326.216,61</u>	<b>D. TRUST LIABILITIES</b>		
			- thereof due in up to one	755.598.292,78	1.275.088.044,25
			year: EUR 562,345,127.47 (PY: EUR 674,169,005.80)		
			- thereof due to affiliated companies:		
			EUR 755,598,292.78 (PY: EUR 1,275,088,044.25)		
				<u>31.942.112.184,21</u>	<u>32.414.326.216,61</u>

SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBHFRANKFURT AM MAININCOME STATEMENTFOR THE PERIOD FROM JANUARY 1, 2022 TO DECEMBER 31, 2022

	January 1, 2022 to December 31, 2022 EUR	January 1, 2022 to December 31, 2022 EUR
1. Income from warrant transactions	-	-
2. Expenses for warrant transactions	-	-
3. Income from certificate transactions	-	-
4. Expenses for certificate transactions	-	-
5. Revenues	9.502.221,31	10.830.039,04
thereof Société Générale S.A., Paris	6.511.741,54	7.559.115,89
thereof Société Générale Frankfurt	2.989.917,11	3.199.141,68
thereof Société Générale Zurich	562,66	71.781,47
6. Other operating income	-	324.365,00
7. Personnel expenses		
a) Wages and salaries	273.700,17	259.190,99
b) Social security contributions, pension expenses and other benefit expenses	121.867,25	107.107,37
thereof for pensions: EUR 59,613.23 (PY: EUR 55,786.00)		
8. Other operating expenses	8.554.744,61	10.431.698,83
9. Income from equity investments	-	-
- thereof from affiliated companies: EUR 0 (PY: EUR 0)		
10. Income from a profit transfer agreement	59.446.788,30	68.936.042,99
11. Other interest and similar income	115.039,60	11.120,79
- thereof from affiliated companies EUR 115,039.60 (PY: EUR 11,120.79)		
12. Impairments of noncurrent financial assets and securities classified as current assets	-	-
- thereof in affiliated companies EUR 0 (PY: EUR 0)		
13. Expenses for loss absorptions	29.267.809,70	17.956.876,66
14. Interest and similar expenses	3.701.619,88	3.764.888,64
- thereof to affiliated companies: EUR 3,701,619.88 (PY: EUR 3,764,888.64)		
- thereof from negative interest: EUR 80,403.28 (PY: EUR 12,610.87)		
15. Net profit/loss after taxes	27.144.307,60	47.581.805,33
16. Profits transferred under a profit transfer agreement	27.144.307,60	47.581.805,33
17. Financial year net profit/loss	<u>0,00</u>	<u>(0,00)</u>

**Société Générale Effekten GmbH  
Frankfurt am Main**

**Notes to the Annual Financial Statements  
for the 2022 financial year**

**Notes to the annual financial statements at December 31, 2022 and other disclosures**

The annual financial statements of Société Générale Effekten GmbH at December 31, 2022, have been prepared according to the accounting regulations of the German Commercial Code (HGB) and the supplementary regulations of the Limited Liability Companies Act (GmbHG) and in compliance with German generally accepted accounting principles.

The Company's registered head office is located in Frankfurt/Main. It is registered with the Frankfurt am Main Local Court under Commercial Register Record No. HRB 32283.

To improve clarity and transparency, the titles of individual items of the Company's financial statements have been adjusted and new titles have been introduced, in a departure from the format prescribed in Section 266 (2) and (3) HGB.

**Profit transfer agreements**

By signature of September 7, 2016, Société Générale Effekten GmbH (subsidiary company) entered into a profit transfer agreement for an indefinite term with Société Générale S.A., Frankfurt Branch, Frankfurt am Main (parent company), with retroactive effect to January 1, 2016.

By signature of September 26, 2017, ALD Lease Finanz GmbH, Hamburg (subsidiary company), entered into a profit transfer agreement for an indefinite term with Société Générale Effekten GmbH (parent company), with retroactive effect to January 1, 2017.

By signature of December 1, 2017, Société Générale Securities Services GmbH, Aschheim (subsidiary company), entered into a profit transfer agreement for an indefinite term with Société Générale Effekten GmbH (parent company), with retroactive effect to January 1, 2017.

**1. Recognition and measurement principles**

As in the previous year, the following recognition and measurement methods were mainly applied in the preparation of the annual financial statements.

Companies that are to be included in the consolidated financial statements of a parent company as parent or subsidiary companies (Section 290 HGB) in accordance with the regulations applicable to full consolidation are presented as Interests in affiliated companies as defined in Section 271 (2) HGB. Interests in affiliated companies are measured at amortized cost. In accordance with Section 253 (3) HGB, impairments are recognized to account for impairments that are expected to be permanent.

Receivables are measured at their nominal amount plus accrued interest. Liabilities not hedged are measured at their settlement value plus accrued interest.

The calculation of deferred taxes is based on temporary differences between items of the commercial law balance sheet and items of the tax law balance sheet according to Section 274 HGB. Due to the fact that Société Générale Effekten GmbH has been part of a consolidated tax group for income tax purposes with Société Générale, Frankfurt Branch, as a subsidiary company since January 1, 2016, deferred taxes are recognized only at the level of the parent company.

The provisions for pensions were measured at the settlement value deemed necessary according to sound business judgment (Section 253 (1) sentence 2 HGB) in accordance with actuarial principles, taking the 2018 G Life Expectancy Tables of Prof. Dr. Klaus Heubeck into account. A standard term to maturity of 15 years was assumed for discounting purposes and the provisions were discounted to present value by application of the average market interest rate for the last 10 years as calculated at the reporting date, that being 1.78% (in the previous year, the average market interest rate for the last 10 years was applied: 1.87%) (Section 253 (2) sentence 2 HGB). The maturity-matched interest rates of the German Bundesbank are applied for discounting the provisions to present value.

The projected unit credit method is applied as an actuarial measurement method. The following parameters were assumed for the pension provisions: a discount rate of 1.44%, a salary dynamic of 3.60% (PY: 3.20%), and a pension dynamic of 2.60% (PY: 2.20%). The effects of interest rate changes are recognized in the operating profit/loss. The difference between the amount of recognized pension provisions after discounting to present value by application of the average market interest rate for the last 10 financial years and the provision amount that would result if the provisions were discounted to present value by application of the average market interest rate for the last seven financial years is EUR 15,474 and is therefore subject to a payout block according to Section 253 (6) HGB, although payout is not blocked.

The other provisions account for all discernible risks and uncertain obligations. They are measured at the settlement amount deemed necessary according to sound business judgment in accordance with Section 253 (1) HGB. Provisions with a term of more than one year are not discounted to present value in accordance with Section 253 (2) HGB. There were no provisions with such a term at the reporting date.

Until exercise or expiration, option premiums are recognized at cost as Other assets or Other liabilities.

The issued certificates are recognized as Liabilities from issued certificates until due. The issued certificates are offset by hedging transactions, which are recognized in Receivables from affiliated companies.

The portfolio of issued warrants and certificates at the reporting date is completely hedged against market price changes by means of maturity-matched, currency-matched and price risk-identical hedging transactions with the sole shareholder Société Générale S.A., Paris.

The liabilities from issued certificates and warrants and the hedging transactions recognized in Receivables and other assets were aggregated into valuation units and recognized as assets at cost or as liabilities in the amount of the issue proceeds. These are perfect micro-hedges. In accordance with Section 254 HGB, subsequent measurement is not performed due to their characteristic as valuation units, i.e., due to non-recognition of the offsetting changes in value, the net hedge presentation method is used in this context (Section 285 (19b) and (19c) HGB, as well as Section 285 (23a) and (23b) HGB). In accordance with IDW RS HFA 35 (86), the cash flows resulting from the termination of the hedge were recognized

directly in equity, with no effect on the income statement. It was not necessary to recognize value adjustments in Receivables and other assets.

Liabilities not aggregated into valuation units are presented at the settlement amount. These liabilities are Trade payables and Liabilities to affiliated companies. The corresponding income statement item for such liabilities is presented within Other operating expenses, Expenses from loss absorptions, and Profits transferred under a profit transfer agreement.

In addition, the Company issues certificates in its own name and for account of Société Générale S.A., Paris, under a trust agreement with the sole shareholder, Société Générale S.A., Paris. The corresponding financial instruments are presented within Trust assets on the assets side and within Trust liabilities on the equity and liabilities side of the balance sheet. The certificates from trust transactions are offset by hedging transactions that are recognized under Trust assets. These transactions are measured at cost.

## 2. Development of noncurrent financial assets

### Noncurrent financial assets

	Interests in affiliated companies
	EUR'000
Acquisition cost 1/1/2022	407,223
Acquisitions	-
Disposals	-
Acquisition cost 12/31/2022	407,223
Accumulated impairments 1/1/2022	515
Financial year additions to impairments	-
Transfers	-
Disposals	-
Accumulated impairments 12/31/2022	515
Carrying amount at the 12/31/2021 reporting date	406,708
Carrying amount at the 12/31/2022 reporting date	406,708

The Interests in affiliated companies are attributable to the purchase of Société Générale Securities Services GmbH, Aschheim (Commercial Register Record No. HRB 169711 with the Munich Local Court) from Société Générale Securities Services Holding S.A., Paris, for a price of EUR 515 thousand as of January 1, 2017, and the purchase of ALD Lease Finanz GmbH, Hamburg (Commercial Register Record No. HRB 92469 with the Hamburg Local Court) from SG Consumer Finance S.A. France for a price of EUR 406,708 thousand. Due to the sustained economic development of Société Générale Securities Services GmbH, the impairment of the interests in Société Générale Securities Services GmbH was kept in place.

### 3. Notes to the balance sheet

**Receivables from affiliated companies** amounted to EUR 5,166,846 thousand (PY: EUR 6,498,485 thousand). They were mainly composed of receivables owed by Société Générale S.A., Paris, in the amount of EUR 5,105,659 thousand (PY: EUR 6,425,434 thousand) from the investment of the issue proceeds from issued certificates and from Other receivables in the amount of EUR 61,187 thousand (PY: EUR 73,051 thousand). The Other receivables mainly consisted of receivables from ALD Lease Finanz GmbH, Hamburg, under an existing profit transfer agreement in the amount of EUR 59,447 thousand (PY: EUR 68,936 thousand), and receivables under existing cost reimbursement agreements with Société Générale S.A. Frankfurt Branch, Frankfurt am Main, in the amount of EUR 624 thousand (PY: EUR 1,624 thousand) and Société Générale S.A., Paris, in the amount of EUR 1,116 thousand (PY: EUR 1,131 thousand).

**Other assets** comprise the OTC options acquired by the shareholder to hedge issued warrants. They amounted to EUR 25,612,959 thousand (PY: EUR 24,234,045 thousand).

The **Trust assets** in the amount of EUR 755,598 thousand (PY: EUR 1,275,088 thousand) are funds belonging to the shareholder Société Générale S.A., Paris, from multiple certificates issued for the shareholder in the name of Société Générale Effekten GmbH and for account of Société Générale S.A., Paris.

The Company's **equity** was unchanged at EUR 1,163 thousand (PY: EUR 1,163 thousand). It is comprised of the subscribed capital in the amount of EUR 26 thousand and the retained earnings from the prior years in the amount of EUR 1,138 thousand. A profit transfer agreement was concluded between Société Générale S.A., Frankfurt Branch, and the Company with effect as of January 1, 2016.

With the exception of provisions for pensions and similar obligations, the presented **provision amounts** remain due in less than one year.

The Other Provisions result primarily from provisions for issuance costs, as well as audit and consulting costs. They amounted to EUR 1,031 thousand (PY: EUR 1,193 thousand).

**Liabilities to affiliated companies** in the amount of EUR 466,865 thousand (PY: EUR 473,223 thousand) mainly consisted of existing liabilities to Société Générale S.A. Frankfurt Branch under borrowed loans in the amount of EUR 407,223 thousand (PY: EUR 407,223 thousand) and liabilities to Société Générale S.A. Frankfurt Branch for the profit transfer in the amount of EUR 27,144 thousand (PY: EUR 47,582 thousand), as well as liabilities to Société Générale Securities Services GmbH for the loss absorption in the amount of EUR 29,268 thousand (PY: EUR 17,957 thousand) on the basis of the profit transfer agreement. This item also includes a liability to Société Générale S.A. Frankfurt Branch from ongoing clearing operations in the amount of EUR 201 thousand, and another liability in the amount of EUR 2,976 thousand.

The **Trust liabilities** in the amount of EUR 755,598 thousand (PY: EUR 1,275,088 thousand) included the issuance of certificates issued in the Company's own name for account of Société Générale S.A., Paris.

**Certificates (issues) in foreign currencies** are presented in the items of Liabilities from issued certificates and Trust liabilities on the equity and liabilities side of the balance sheet in the total amount of EUR 1,767,854. This total is broken down by currencies in the table below:

<b>Currency</b>	<b>EUR'000</b>
SEK	1,367,525
DKK	199,183
USD	150,440
GBP	32,558
CHF	9,250
NOK	6,450
HKD	2,347
JPY	101

The corresponding hedges are presented in the same amount in Receivables from affiliated companies from the investment of issue proceeds and in Trust assets on the assets side of the balance sheet. Currency translation is performed at the exchange rate applicable on the posting date in connection with the formation of valuation units (net hedge presentation method), taking into account the terms and conditions of the issue specified in the respective prospectus. Because currency risks are hedged, exchange rate fluctuations have no effect on the Company's income statement.

**Warrants (issues) in foreign currencies** are presented in Other liabilities on the equity and liabilities side of the balance sheet in the total amount of EUR 9,283,497 thousand. This total is broken down by currencies in the table below:

<b>Currency</b>	<b>EUR'000</b>
SEK	6,247,894
DKK	1,787,100
NOK	1,222,210
USD	13,162
CHF	13,131

The corresponding hedges are presented in the same amount in Other assets on the assets side of the balance sheet. Currency translation is performed at the exchange rate applicable on the posting date in connection with the formation of valuation units (net hedge presentation method), taking into account the terms and conditions of the issue specified in the respective prospectus. Because currency risks are hedged, exchange rate fluctuations have no effect on the Company's income statement.

Liabilities/ trust liabilities in the amount of EUR 31,184,097 thousand / EUR 755,598 thousand consisted mainly of liabilities to affiliated companies (EUR 31,939,571 thousand).

There were no other financial commitments at the reporting date.

## Maturity structure of receivables and liabilities

EUR'000

	Total	Due in up to 1 year	Due in 1 to 5 years	Due in more than 5 years
<b>Receivables</b>				
- Receivables from the investment of issue proceeds	5.105.659	2.151.356	215.800	2.738.503
- Other receivables	61.187	61.187		
- Trust assets	755.598	562.345	188.100	5.153
Other assets	25.612.959	5.681.000	761.051	19.170.909
Interests in affiliated companies	406.708			406.708
<b>TOTAL</b>	<b>31.942.112</b>	<b>8.455.888</b>	<b>1.164.951</b>	<b>22.321.273</b>
<b>Liabilities</b>				
- Liabilities under issued certificates	5.105.659	2.151.356	215.800	2.738.503
- Trade payables	125	125		
- Liabilities to affiliated companies:	466.865	59.642		407.223
- Trust liabilities	755.598	562.345	188.100	5.153
Other liabilities, including provisions	25.612.702	5.682.292	761.051	19.169.359
<b>TOTAL</b>	<b>31.940.949</b>	<b>8.455.760</b>	<b>1.164.951</b>	<b>22.320.238</b>

## 4. Notes to the income statement

The income statement is prepared in accordance with the cost summary method.

**Revenues** in the amount of EUR 9,502 thousand (PY: EUR 10,830 thousand) consisted of service costs assumed under a cost-plus procedure with an administrative cost mark-up of 5% by Société Générale S.A., Paris, in the amount of EUR 6,511 thousand and by Société Générale S.A. Frankfurt Branch in the amount of EUR 2,990 thousand. There was also a cost assumed by Société Générale Zurich in the amount of EUR 1 thousand. The service involves administrative processing for the issuance business.

**Personnel expenses** consisted of wages and salaries in the amount of EUR 274 thousand (PY: EUR 259 thousand) and social security contributions and pension expenses in the amount of EUR 122 thousand (PY: EUR 107 thousand).

**Other operating expenses** consisted primarily of issuance costs, legal and consulting fees and stock exchange costs:

<i>In euro thousands</i>	<b>2022</b>	<b>2021</b>
Stock exchanges, regulatory authority	7,368	8,293
Cost allocation Société Générale Frankfurt	701	1,080
Legal, consulting, audit	486	1,051
Advertising	-	8
<b>Total</b>	<b>8,555</b>	<b>10,432</b>

The **income from a profit transfer agreement** in the amount of EUR 59,447 thousand (PY: EUR 68,936 thousand) represents the profit of ALD Lease Finanz GmbH, which is recognized by the Company in the same reporting period on the basis of the profit transfer agreement with ALD Lease Finanz GmbH.



The losses incurred by Société Générale Securities Services GmbH in the amount of EUR 29,268 thousand (PY: EUR 17,956 thousand) are recognized by the Company as **expenses for loss absorptions** in the same period on the basis of the profit transfer agreement.

The item of **Interest and similar expense** primarily includes paid and accrued interest in the amount of EUR 3,458 thousand for a loan from Société Générale S.A., Frankfurt Branch, and custodian fees of EUR 244 thousand resulting from positive balances with Société Générale Frankfurt Branch.

The Company entered into a profit transfer agreement with Société Générale S.A., Paris, Frankfurt Branch (parent company), with effect as of January 1, 2016, and has been in an integrated tax group relationship for purposes of value-added tax and income tax since that time. Therefore, all **income taxes** accrue at the level of the parent company. The profit/loss after taxes in the amount of EUR 27,144 thousand was completely transferred, resulting in a **financial year profit/loss** of EUR 0 thousand.

## 5. Information on issuance activities

The issuance volume in the 2022 financial year is presented in the table below:

DERIVATIVE SECURITIES	TYPE	UNDERLYING	FINANCIAL YEAR 2022				FINANCIAL YEAR 2021			
			NO.	VOLUME (IN UNITS)	CARRYING AMOUNT in EUR'000	LONGEST TERM	NO.	VOLUME (IN UNITS)	CARRYING AMOUNT in EUR'000	LONGEST TERM
<b>Investment products</b>										
With capital protection (100%)	Capital protection	Stocks	2	885	1.947	07.06.2024	5	96.233	9.217	27.04.2026
		Funds	1	3.568	3.581	04.11.2022	-	-	-	-
		Indices	3	10.185	3.235	24.01.2024	29	661.527	81.027	13.03.2030
			<b>6</b>	<b>14.638</b>	<b>8.763</b>		<b>34</b>	<b>757.760</b>	<b>90.244</b>	
	Structured bonds	Stocks	3	2.353	2.219	22.05.2023	2	7.000	7.000	27.06.2023
		Indices	5	1.650	1.796	16.12.2022	-	-	-	-
			<b>8</b>	<b>4.003</b>	<b>4.015</b>		<b>2</b>	<b>7.000</b>	<b>7.000</b>	
Without capital protection (<100%)	Reverse convertibles	Stocks	3.813	760.605	719.337	Open End	12.115	865.260	862.288	05.10.2023
		Indices	47	2.681.015	26.558	20.12.2024	88	70.732	69.029	16.06.2023
			<b>3.860</b>	<b>3.441.620</b>	<b>745.895</b>		<b>12.203</b>	<b>935.992</b>	<b>931.317</b>	
	Bonus certificates	Stocks	7.182	43.290.967	1.527.386	Open End	9.958	43.977.622	1.977.523	02.07.2026
		Indices	2.772	7.434.479	743.307	Open End	3.046	15.968.651	1.089.686	15.12.2023
			<b>9.954</b>	<b>50.725.446</b>	<b>2.270.693</b>		<b>13.004</b>	<b>59.946.273</b>	<b>3.067.209</b>	
	Discount certificates	Stocks	12.214	42.927.918	1.382.921	Open End	13.654	32.241.972	1.775.371	15.12.2023
		Futures	220	330.514	24.277	15.11.2023	138	257.724	13.789	16.11.2022
		Indices	1.788	9.667.733	564.227	Open End	2.035	8.858.572	647.502	15.09.2023
		Commodities	216	446.714	25.866	Open End	186	253.685	16.479	16.12.2022
			<b>14.438</b>	<b>53.372.879</b>	<b>1.997.291</b>		<b>16.013</b>	<b>41.611.953</b>	<b>2.453.141</b>	
	Express certificates	Stocks	79	621.161	186.350	11.02.2027	183	3.541.013	1.319.008	11.05.2026
		Funds	1	10.000.000	181	27.04.2023	-	-	-	-
		Indices	76	1.166.563	120.567	07.03.2030	20	3.817.803	135.861	Open End
		Basket	-	-	-	-	5	174.199	22.370	17.07.2023
			<b>156</b>	<b>11.787.724</b>	<b>307.098</b>		<b>208</b>	<b>7.533.015</b>	<b>1.477.239</b>	
	Index / participation certificates	Stocks	19	94.843	5.720	Open End	50	537.910	103.512	Open End
		Funds	4	22.345	21	13.10.2022	-	-	-	-
		Futures	32	2.424.866	34.636	Open End	28	945.695	33.324	Open End
		Indices	91	15.202.264	171.242	Open End	69	6.022.122	2.284.661	Open End
		Commodities	23	103.150	6.009	Open End	21	1.763.190	90.770	Open End
			<b>169</b>	<b>17.847.468</b>	<b>217.628</b>		<b>168</b>	<b>9.268.917</b>	<b>2.512.267</b>	
	Outperformance / sprint certificates	Stocks	-	-	-	-	4	130.000	10.938	13.05.2025
		Indices	1	1.880	452	10.10.2024	3	43.000	4.021	11.12.2024
			<b>1</b>	<b>1.880</b>	<b>452</b>		<b>7</b>	<b>173.000</b>	<b>14.959</b>	
<b>TOTAL investment products:</b>			<b>28.592</b>	<b>137.195.658</b>	<b>5.551.835</b>		<b>41.639</b>	<b>120.233.910</b>	<b>10.553.376</b>	

DERIVATIVE SECURITIES	TYPE	UNDERLYING	FINANCIAL YEAR 2022				FINANCIAL YEAR 2021					
			NO.	VOLUME (IN UNITS)	CARRYING AMOUNT in EUR'000	LONGEST TERM	NO.	VOLUME (IN UNITS)	CARRYING AMOUNT in EUR'000	LONGEST TERM		
<b>Leverage products</b>												
With knock-out	Knock-out products	Stocks	182.641	8.649.474.432	8.493.437	Open end	132.842	5.994.676.503	6.006.901	Open end		
		Energy	3	14.010	27	Open End	145	1.474.571	2.154	Open End		
		Fixed Income	423	13.169.072	40.454	Open end	128	1.160.817	3.002	Open end		
		Funds	-	-	-		1.408	789.526	3.737	04.10.2021		
		Futures	26.619	2.043.647.255	3.445.941	Open end	13.235	1.064.921.560	948.650	Open end		
		Indices	84.322	14.670.974.728	12.071.239	Open end	75.661	11.974.389.227	10.872.074	Open end		
		Commodities	19.453	1.799.082.894	1.321.463	Open end	18.933	803.784.394	538.219	Open end		
		Currencies	26.031	781.475.164	811.311	Open end	8.071	154.634.583	139.132	Open end		
		Interest rate	4	33.800	274	Open End	62	598.280	1.975	Open End		
				<b>339.496</b>	<b>27.957.871.355</b>	<b>26.184.146</b>		<b>250.485</b>	<b>19.996.429.461</b>	<b>18.515.844</b>		
		Without knock-out	Factor certificates	Stocks	34.892	1.996.681.287	3.535.294	Open end	22.489	777.429.066	2.164.031	Open end
Energy	65			3.538.231	3.444	Open End	168	10.053.497	2.163	Open end		
Fixed Income	134			8.064.033	47.427	Open End	78	2.234.371	1.864	Open End		
Futures	4.232			1.406.028.794	1.843.123	Open End	1.889	78.232.094	453.863	Open end		
Indices	8.986			3.736.932.824	1.287.386	Open end	2.350	1.225.091.925	1.787.154	Open end		
Commodities	601			117.982.923	257.540	Open End	513	122.162.097	20.745	Open End		
Currencies	234			4.464.007	7.539	Open End	53	125.337	401	Open End		
Interest rate	4			37.513	147	Open End	11	84.002	908	Open End		
				<b>49.148</b>	<b>7.273.729.612</b>	<b>6.981.900</b>		<b>27.551</b>	<b>2.215.412.389</b>	<b>4.431.129</b>		
Warrants	Stocks			Stocks	110.152	23.052.034.348	5.654.104	Open end	111.505	21.167.446.224	4.200.378	Open end
				Energy	-	-	-		9	87.850	20	05.17.2021
		Fixed Income	-	-	-		2	14.717	16	Open End		
		Futures	3.886	584.418.840	470.835	Open End	1.293	424.464.591	100.518	Open End		
		Indices	32.842	6.181.905.941	5.565.994	Open End	20.603	3.183.415.583	2.490.030	Open end		
		Basket	1	10	467	04.08.2023	-	-	-			
		Commodities	3.700	228.603.577	138.954	Open end	2.594	453.714.002	160.460	Open end		
		Currencies	12.139	122.073.406	127.407	Open End	5.281	85.926.377	33.026	Open End		
		Interest rate	-	-	-		1	1.661	11	Open End		
		<b>162.720</b>	<b>30.169.036.122</b>	<b>11.957.761</b>		<b>141.288</b>	<b>25.315.071.005</b>	<b>6.984.459</b>				
<b>TOTAL leverage products:</b>		<b>551.364</b>	<b>65.400.637.089</b>	<b>45.123.807</b>		<b>419.324</b>	<b>47.526.912.855</b>	<b>29.931.432</b>				
<b>TOTAL derivative securities:</b>		<b>579.956</b>	<b>65.537.832.747</b>	<b>50.675.642</b>		<b>460.963</b>	<b>47.647.146.765</b>	<b>40.484.808</b>				

All issues are fully hedged by concluding OTC options with identical features or by investing issue proceeds with Société Générale S.A., Paris.

The fair value of financial derivatives and bonds with embedded derivatives is generally measured on the basis of market values; in case of illiquid markets, measurement is performed on the basis of internal models. These “in-house valuation models” are regularly tested by specialists in the Risk department of Société Générale S.A., Paris. Derivative financial instruments with option characteristics are measured by Société Générale S.A., Paris, using generally recognized option price models.

When an active market exists, prices quoted by stock exchanges, brokers and pricing agencies are used.

The type, volume, and fair values of the derivative hedging transactions at the reporting date were as follows: The Company held 147,901 OTC options with a market value of EUR 971 million to hedge stock and index warrants, 12,034 OTC options with a market value of EUR 7,774 million to hedge commodity warrants, 7,371 OTC options with a market value of EUR 99 million to hedge foreign currency warrants, and 1,652 OTC options with a market value of EUR 11 million to hedge interest rate warrants.

The 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 are available for identical assets or liabilities, the fair value of financial instruments is determined by the use of another valuation technique under which determining, observable input factors are applied.

In addition, the Company held 23,983 certificates with a market value of EUR 1,447 million, including trust transactions.

The carrying amount of the warrants listed here at December 31, 2022 was EUR 25,611 million and is presented within the Other liabilities item in the balance sheet. The carrying amount of the issued certificates at December 31, 2022 was EUR 5,861 million and is divided between the item of Liabilities from issued certificates and the item of Trust liabilities in the balance sheet.

## 6. Significant shareholdings

The significant according to Section 285 (11) HGB break down as follows:

Name and registered head office	Percentage of equity held (%)	Equity of the company (EUR'000)	Financial year net profit/loss (EUR'000)
Directly			
ALD Lease Finanz GmbH, Hamburg	100	226,953	- 1)
Société Générale Securities Services GmbH, Aschheim	100	35,330	- 2)
Indirectly			
ALD AutoLeasing und Dienstleistungs GmbH, Hamburg	43.8	2,331	413
Bank Deutsches Kraftfahrzeuggewerbe GmbH, Hamburg		405,500	- 3)
- Voting shares	90	2,450	
- Non-voting shares	100	403,050	
BDK Leasing und Service GmbH, Hamburg	100	1,023	- 4)

1) Profit/loss before profit transfer	EUR'000	59,447
2) Profit/loss before loss transfer	EUR'000	-29,268
3) Profit/loss before profit transfer	EUR'000	46,656
4) Profit/loss before profit transfer	EUR'000	-2,461

## 7. Disclosures on the independent auditor's fees recognized as expenses in the 2021 financial year

The fees for the independent auditor recognized as expenses in the 2022 financial year amounted to:

- For auditing services:	EUR 203,870
- For other certification services:	EUR -
- For tax advisory services:	EUR -
- For other services:	EUR -

The fees for auditing services comprise the expenses for the audit of the consolidated financial statements and Group management report and for the audit of the separate financial statements and separate management report of Société Générale Effekten GmbH.

## **8. Disclosures regarding directors and officers and employees**

The following individuals were managing directors in the 2022 financial year and in the time until the preparation of the annual financial statements:

- Ms. Françoise Esnouf, banker, Frankfurt am Main (in retirement, relieved of position as managing director of Société Générale Effekten GmbH with effect as of March 31, 2022)
- Mr. Helmut Höfer, lawyer (general counsel), Frankfurt am Main  
Head of Legal Germany & Austria Société Générale S.A. Frankfurt Branch.
- Ms. Nurten Spitzer-Erdogan, graduate economist, Frankfurt am Main  
Chief Financial Officer and Chief Operational Officer, Société Générale S.A. Frankfurt Branch.

The managing directors Ms. Nurten Spitzer-Erdogan and Mr. Helmut Höfer are employees of Société Générale S.A., Frankfurt am Main Branch.

Expenses of EUR 16 thousand were charged to Société Générale Effekten GmbH as compensation for the work of managing directors in the 2022 financial year.

The Company had an average of 4 employees during the financial year. Three employees work full-time and one employee works part-time.

As a capital market-oriented company, the Company has established an Audit Committee in accordance with Section 324 HGB, composed of the following members:

Mr. Peter Boesenberg (Chairman)  
Mr. Awet Hailab (until 12/31/2022)  
Ms. Heike Hoevekamp  
Mr. Marco Maibaum  
Ms. Nurten Spitzer-Erdogan  
Mr. Adrian Mrosek  
Mr. Timo Zapf

## **9. Group affiliation**

At the reporting date of December 31, 2022, Société Générale S.A., Frankfurt Branch held a 100% equity interest in Société Générale Effekten GmbH.

The shareholder of Société Générale S.A., Frankfurt branch, is Société Générale S.A., Paris (smallest scope of consolidation within the meaning of Section 285 No. 14a HGB and largest scope of consolidation within the meaning of Section 285 No. 14 HGB). Notice of publication of the consolidated financial statements of Société Générale S.A., Paris, in which the

Company is included, is given in France in the “Bulletin des Annonces Légales et Obligatoires (BALO)” under the heading “Publications Périodiques” (R.C.S: 552 120 222). The consolidated financial statements are available on the website [www.socgen.com](http://www.socgen.com).

## **10. Events after the reporting date**

After the reporting date, no further events occurred that had a material impact on the financial position, cash flows and liquidity position, and financial performance of the Company.

Frankfurt am Main, April 27, 2023

The Management

Société Générale Effekten GmbH

\_\_\_\_\_  
Helmut Höfer

\_\_\_\_\_  
Nurten Spitzer-Erdogan

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

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

Frankfurt am Main, April 27, 2023

The Management

Société Générale Effekten GmbH

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Helmut Höfer

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Nurten Spitzer-Erdogan

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

To Société Générale Effekten GmbH, Frankfurt am Main

### ***REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT***

#### **Audit opinions**

We have audited the annual financial statements of Société Générale Effekten GmbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2022 and the income statement for the financial year from January 1 to December 31, 2022 and the notes to the financial statements, including a description of recognition and measurement methods. In addition, we have audited the management report of Société Générale Effekten GmbH, Frankfurt am Main, for the financial year from January 1 to December 31, 2022.

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

- the accompanying annual financial statements comply with the regulations of German commercial law applicable to corporations in all material respects, and give a true and fair view of the financial position and cash flows of the Company as at December 31, 2022 and its financial performance for the financial year from January 1 to December 31, 2022 in accordance with German generally accepted accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development.

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

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

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Financial Statements Audit Regulation (EU-APrVO - No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) letter f) of the EU Audit Regulation that we have not provided any prohibited non-auditing services according to Article 5 (1) EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.



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

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

### **Other information**

The legal representatives are responsible for the Other information. The Other information comprises the Responsibility Statement of the Legal Representatives on the annual financial statements and the management report pursuant to Section 264 (2) sentence 3 HGB and Section 289 (1) sentence 5 HGB, respectively, but not the annual financial statements, not the statements made in the management report that were audited for content, and not our corresponding auditor's report.

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

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

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

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

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the regulations of German commercial law applicable to corporations, and that the annual financial statements give a true and fair view of the financial position, cash flows and financial performance of the Company in compliance with German generally accepted accounting principles. In addition, the legal representatives are responsible for such internal controls as they have determined necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraudulent acts (i.e., manipulation of accounting records and misappropriation of assets) or errors.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless barred by factual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a man-

agement report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient suitable evidence for the assertions in the management report.

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

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

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

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

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

- Identify and assess the risks of material misstatements in the annual financial statements and the management report, whether due to fraudulent acts or errors, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than the risk of not detecting a material misstatement resulting from errors, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtain an understanding of the internal control system relevant to the audit of the annual financial statements and arrangements and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and the management report or, if such

disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the presentation, structure and content of the annual financial statements as a whole, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the financial position, cash flows and financial performance of the Company in compliance with German generally accepted accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

#### ***OTHER LEGAL AND REGULATORY REQUIREMENTS***

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

##### **Audit opinion**

In accordance with Section 317 (3a) HGB, we conducted an audit with reasonable assurance to determine whether the reproductions of the annual financial statements and the management report contained in the file, which bears the SHA-256 Number 7dcb2a8b2fdb6d9b5f5b747c6bb94a0110db4f5a75ba356422442029ad811684, and prepared for disclosure

purposes (also referred to hereinafter as the “ESEF Documents”) meet the requirements of Section 328 (1) HGB for the European Single Electronic Format (“ESEF Format”) in all material respects. In accordance with the German statutory regulations, this audit only covers the transposition of the information contained in the annual financial statements and the management report into the ESEF Format and it therefore does not cover the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproductions of the annual financial statements and the management report contained in the above-mentioned file and prepared for disclosure purposes meet the requirements of Section 328 (1) HGB for the European Single Electronic Format in all material respects. Beyond this audit opinion and our audit opinions on the attached annual financial statements and the attached management report for the financial year from January 1 to December 31, 2022 contained in the foregoing “Report on the audit of the annual financial statements and the management report,” we provide no audit opinion on the information contained in these reproductions or the other information contained in the above-mentioned file.

#### **Basis for the audit opinion**

We conducted our audit of the reproductions of the annual financial statements and the management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and in compliance with the IDW Auditing Standard: Audit of the electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 (3a) HGB (IDW PS 410 (June 2022)). Our responsibility for this audit is described further in the section entitled “Responsibility of the auditor of the annual financial statements for the audit of the ESEF Documents.” Our audit practice observed the requirements for the quality assurance system set out in the IDW Quality Assurance Standard: Requirements for quality assurance in audit practice (IDW QS 1).

#### **Responsibility of the legal representatives and the Audit Committee for the ESEF documents**

The legal representatives of the Company are responsible for the preparation of the ESEF Documents with the electronic reproductions of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 no. 1 HGB.

The legal representatives of the Company are also responsible for such internal controls as they have determined necessary to enable the preparation of ESEF Documents that are free from violations, whether due to intent or error, of the requirements of Section 328 (1) HGB for the European Single Electronic Format.

The Audit Committee is responsible for overseeing the process for the preparation of the ESEF Documents as part of the financial reporting process.

#### **Responsibility of the auditor of the annual financial statements for the audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from violations, whether due to intent or error, of the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material violations, whether due to intent or error, of the requirements of Section 328 (1) HGB, plan and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of the internal controls relevant to the audit of the ESEF Documents in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Assess the technical validity of the ESEF Documents, i.e. whether the file containing the ESEF Documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in effect at the reporting date for the technical specifications for this file.
- Assess whether the ESEF Documents enable a content-identical XHTML reproduction of the audited annual financial statements and the audited management report.

#### **Further information pursuant to Article 10 of the EU Audit Regulation**

We were elected as the auditor by the annual general meeting on July 1, 2022. We were engaged by the Management on November 28, 2022 to audit the annual financial statements. We have been the auditor of the annual financial statements of Société Générale Effekten GmbH, Frankfurt am Main, continually since financial year 2017.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

#### ***OTHER ISSUE — USE OF THE AUDITOR'S REPORTS***

Our auditor's report must always be read in conjunction with the audited annual financial statements and the audited Group management report, as well as the audited ESEF Documents. The annual financial statements and the Group management report transposed into the ESEF format — including the versions to be filed in the Register of Companies — are merely electronic reproductions of the audited annual financial statements and the audited Group management report and do not replace them. In particular, the ESEF Report and our audit opinion included therein may only be used in conjunction with the audited ESEF Documents provided in electronic form.

**GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT**

The German Public Auditor responsible for the engagement is Martina Mietzner.

Frankfurt am Main, April 27, 2023

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

(Martina Mietzner)  
Wirtschaftsprüferin  
[German Public Auditor]

(Jutta Ihringer)  
Wirtschaftsprüferin  
[German Public Auditor]