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# SG Issuer

**Société Anonyme**

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

**As at and for the six-month period ended 30 June 2023**

**15 avenue Emile Reuter,**
**L-2420 Luxembourg**
**R.C.S. Luxembourg: B121.363**

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As at 30 June 2023

# EXECUTIVE BOARD MEMBERS

**Chairman:**

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

**Members:**

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

**Mr François CARALP**
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

**Mr Alexandre GALLICHE (until 13 January 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Mr Julien BOUCHAT (since 13 January 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Mr Pascal JACOB (until 28 April 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Mr Youenn LE BRIS (since 28 April 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

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

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

**Supervisory Board Members**
As at 30 June 2023

## SUPERVISORY BOARD MEMBERS

**Chairman:**

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

**Vice-president:**

**Mr Olivier BLANC (until 28 April 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Members:**

**Mr Olivier BLANC (until 28 April 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Mr Angelo BONETTI**
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

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

**Mr Emanuele MAIOCCHI**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Audit Committee Members**
As at 30 June 2023

## AUDIT COMMITTEE MEMBERS

**Chairman:**

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

**Members:**

**Mr Olivier BLANC (until 28 April 2023)**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

**Mr Emanuele MAIOCCHI**
Employee of Société Générale Luxembourg
15, avenue Emile Reuter, L-2420 Luxembourg

## MANAGEMENT AND ADMINISTRATION

**Issuer**
SG Issuer
15 avenue Emile Reuter, L-2420 Luxembourg
**Guarantor (if applicable, as specified in the Final Terms)**
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

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

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

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

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

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

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

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

## LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ

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

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

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

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

# REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT

The Directors of SG Issuer (the "Company" or “SGIS”) (each a « Director », collectively the « Executive Board ») present the condensed interim financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the period from 1 January 2023 to 30 June 2023.

## 1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

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

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

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

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

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

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

The main programs for Notes are (i) the Debt Instruments Issuance Program, the Base Prospectus of which has been updated and approved by the CSSF on 31 May 2023 and (ii) the “Programme d'Emission de Titres de Créance”, the Base Prospectus of which has been updated and approved by the CSSF on 12 June 2023. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 26 June 2023.

In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 12 June 2023 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 3 July 2023.

The UK Securities Issuance Program has been approved by the CSSF on 31 May 2023 and the Swiss Securities Issuance Program on 3 July 2023 by the SIX Exchange Regulation Ltd.

The newly created German Debt Instruments Issuance Program was approved by the CSSF on 9 November 2022.

The state of business of the Company at the closing of the six-month period ended 30 June 2023 is adequately presented in the interim financial statements published hereby.

During the six-month period ended 30 June 2023, 8 312 new Notes were issued (among which 37 new secured Notes) and 1 755 new Warrants were issued[1]. The net loss for the period from 1 January 2023 to 30 June 2023 amounts to KEUR 243.

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

## 2. RISKS AND UNCERTAINTIES

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

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

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

## 3. FUTURE DEVELOPMENTS AND PERSPECTIVES

Following the acquisition by the Société Générale Group (SG Group) of the listed warrants activities from Commerzbank, Société Générale decided to centralize the new warrants issuances into another vehicle of the SG Group. The Company will however pursue its warrants issuances activity on the Asian markets.

## 4. INFORMATION ON LITIGATIONS

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

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

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

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

## 5. SUBSEQUENT EVENTS

There are no subsequent event at the report issuance date since June 30th 2023.

## 6. CORPORATE GOVERNANCE STATEMENT

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

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

### 6.1. Executive board

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

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

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

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organised and monitored appropriately;
- Reviews and approves the Company's financial statements and condensed interim financial statements;
- Supervises and controls operative management.

**Report of the Executive Board and Corporate Governance Statement (continued)**

As at 30 June 2023

## 6.2. Supervisory board

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

## 6.3. Audit committee

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

An Audit Committee took place on 25 April 2023, during which the financial statements for the financial period ended 31 December 2022 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company’s Audit Committee.

## 6.4. Internal audit

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

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

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

## 6.5. Controls framework

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

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

The Chief Financial Officer of the Company ensures the completeness of the procedural framework.

## 6.6. New products committee

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

## 6.7. Service level agreements

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

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

Luxembourg, 29 September 2023
For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

Thierry BODSON
Member of the Executive Board

**Global Statement for the condensed interim financial statements**
As at 30 June 2023

To the best of our knowledge, the condensed interim financial statements are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and give a true and fair view of the financial position and performance of SG Issuer as at and for the six-month period ended 30 June 2023. The condensed interim financial statements comprise the interim statement of financial position as at 30 June 2023, the interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity and the interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

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

Luxembourg, 29 September 2023

Yves CACCLIN
Chairman of the Executive Board

Thierry BODSON
Member of the Executive Board

Ernst & Young
Société anonyme

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Building a better working world

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

To the Shareholders of
SG Issuer S.A.
15 avenue Emile Reuter, L-2420 Luxembourg

*Introduction*

We have reviewed the accompanying condensed interim financial statements of SG Issuer S.A. as at and for the six-month period ended 30 June 2023, which comprise the interim statement of financial position as at 30 June 2023 and the related interim statement of profit and loss and other comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the six-month period then ended and a summary of significant accounting policies and explanatory notes. The Executive Board is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

*Scope of Review*

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

*Conclusion*

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

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 29 September 2023

SG Issuer S.A.

**Condensed interim financial statements**
As at 30 June 2023

## Interim statement of financial position

| | Note | ('000 EUR) 30.06.2023 | ('000 EUR) 31.12.2022 |
|---|---|---|---|
| Cash and cash equivalents | 3, 10.4, 10.5 | 22 529 | 36 176 |
| Financial assets at fair value through profit or loss | | | |
| - *Mandatorily measured at fair value through profit or loss* | 4.1, 10.4, 10.5 | 49 931 054 | 38 757 924 |
| - *Trading derivatives* | 4.1, 10.4, 10.5 | 76 499 | 1 025 209 |
| Loans and receivables | 5 | 50 084 | 50 023 |
| Other assets | | 354 695 | 343 495 |
| **Total assets** | | **50 434 861** | **40 212 827** |
| | | | |
| Financial liabilities at amortised cost | 4.3, 10.4, 10.5 | 65 736 | 70 585 |
| Financial liabilities at fair value through profit or loss | | | |
| - *Designated at fair value through profit or loss* | 4.2, 10.4, 10.5 | 49 930 005 | 38 754 129 |
| - *Trading derivatives* | 4.2, 9, 10.4, 10.5 | 76 429 | 1 025 105 |
| Other liabilities | | 360 733 | 360 231 |
| Tax liabilities | 6 | 0 | 201 |
| **Total liabilities** | | **50 432 903** | **40 210 251** |
| | | | |
| Share capital | 7.1 | 2000 | 2 000 |
| Share premium | 7.1 | - | - |
| Legal reserve | 7.2.1 | 200 | 200 |
| Other reserves | 7.2.2 | 1 | (214) |
| Profit for the financial period/year | | (243) | 590 |
| **Total equity** | | **1 958** | **2 576** |
| | | | |
| **Total equity and liabilities** | | **50 434 861** | **40 212 827** |

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## Interim statement of profit and loss and other comprehensive income

| | Note | ('000 EUR) 1st half of 2023 | ('000 EUR) 1st half of 2022 |
|---|---|---|---|
| Interest income | | 1 185 | 66 |
| Commission income | 8 | 23 668 | 18 456 |
| Net gains from financial instruments at fair value through profit or loss | | - | 127 |
| **Total revenues** | | **24 853** | **18 649** |
| Interest expenses | | (18 123) | (10 470) |
| Net result from financial instruments at fair value through profit or loss | | (147) | - |
| Personnel expenses | | (109) | (136) |
| Other operating expenses | | (6 717) | (7 656) |
| **Total expenses** | | **(25 096)** | **(18 262)** |
| Cost of risk | 5 | 0 | 1 |
| **Profit before tax** | | **(243)** | **388** |
| Income tax | 6 | 0 | (98) |
| **Profit for the financial period** | | **(243)** | **290** |
| **Total comprehensive income for the period** | | **(243)** | **290** |

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## Condensed interim financial statements (continued)

As at 30 June 2023

### Interim statement of changes in equity

| | ('000 EUR) Share capital | ('000 EUR) Share premium | ('000 EUR) *Legal reserve* | ('000 EUR) *Other reserves* | ('000 EUR) Total reserves | ('000 EUR) Profit for the financial year/period | ('000 EUR) Total equity |
|---|---|---|---|---|---|---|---|
| **As at 31 December 2021** | **2 000** | **-** | *200* | *1* | **201** | **(215)** | **1 986** |
| Allocation of the result of the previous year before dividend distribution | - | - | - | - | - | 215 | 215 |
| Allocation to loss brought forward | - | - | - | *(215)* | (215) | - | (215) |
| Capital increase / Allocation to the share premium account (Note 7.1) | - | 28 244 | - | - | - | - | 28 244 |
| Dividend paid (Note 7.1) | - | - | - | - | - | - | - |
| Reimbursement of the share premium (Note 7.1) | - | (28 244) | - | - | - | - | (28 244) |
| Profit and other comprehensive income for the period from 1 January 2022 to 30 June 2022 | - | - | - | - | - | 290 | 290 |
| **As at 30 June 2022** | **2 000** | **-** | *200* | *(214)* | **(14)** | **290** | **2 276** |
| Profit and other comprehensive income for the period from 1 July 2022 to 31 December 2022 | - | - | - | - | - | 300 | 300 |
| **As at 31 December 2022** | **2 000** | **-** | *200* | *(214)* | **(14)** | **590** | **2 576** |
| Allocation of the result of the previous year before dividend distribution | - | - | - | - | | - | - |
| Allocation to loss brought forward | - | - | - | *590* | 590 | (590) | - |
| Capital increase / Allocation to the share premium account (Note 7.1) | - | 22 050 | - | - | - | - | 22 050 |
| Dividend paid (Note 7.1) | - | - | - | *(375)* | (375) | (375) | (375) |
| Reimbursement of the share premium (Note 7.1) | - | (22 050) | - | - | - | - | (22 050) |
| Profit and other comprehensive income for the period from 1 January 2023 to 30 June 2023 | - | - | - | - | - | (243) | (243) |
| **As at 30 June 2023** | **2 000** | **-** | *200* | *1* | **201** | **(243)** | **1 958** |

## Condensed interim financial statements (continued)

As at 30 June 2023

## Interim statement of cash flows

| | Notes | ('000 EUR) 1st half of 2023 | ('000 EUR) 1st half of 2022 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the financial period | | (243) | 290 |
| Net (increase)/decrease in financial assets | 4.1 | (4 674 261) | (10 618 051) |
| Net increase/(decrease) in financial liabilities | 4.2 | 5 043 084 | 10 592 495 |
| (Increase)/decrease in other assets | | (11 200) | 17 365 |
| Increase/(decrease) in tax liabilities and other liabilities | | 501 | (11 499) |
| Taxes paid | 7 | (201) | - |
| *Non-cash adjustments:* | | | |
| Net change in fair value and foreign exchange difference | 4.1, 4.2 | (348 899) | 34 798 |
| Change in cost of risk | 5 | 0 | (1) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | **8 778** | **15 397** |
| **FINANCING ACTIVITIES** | | | |
| Payment of capital surplus* | 7.1 | (22 050) | (28 244) |
| Dividend paid | | (375) | - |
| **NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES** | | **(22 425)** | **(28 244)** |
| Cash and cash equivalents as at the beginning of the period | 3 | 36 176 | 36 384 |
| Net increase/(decrease) in cash and cash equivalents | | (13 647) | (12 847) |
| **Cash and cash equivalents as at the end of the period** | | **22 529** | **23 537** |
| **Additional information on operational cash flows from interest and dividends** | | | |
| Interest paid | | 23 609 | 28 309 |
| Interest received | | 1 184 | 66 |
| Dividend received | | - | - |

** KEUR 22 050 for the period ended 30 June 2023 (and KEUR 28 244 for the period ended 30 June 2022) represent the share premium reimbursed by the Company to the shareholder (refer to Note 7.1).*

***NOTE 1 – CORPORATE INFORMATION***

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

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

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

The Company’s financial year begins on 1 January and ends on 31 December each year.

The Company’s capital is divided into 50 010 shares, of which 49 910 are held by SG Luxembourg and 100 are held by Société Générale.

The accounts of the Company are included in the consolidated accounts of Société Générale S.A. (hereafter “Société Générale” or the “parent Company”), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

***NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES***

## 2.1. Basis of preparation

### 2.1.1 Statement of compliance

The condensed interim financial statements as at and for the six-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB"). The condensed interim financial statements as at and for the six-month period ended 30 June 2023 were approved and authorised for issue by the Supervisory Board on 30 September 2023.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at 31 December 2022.

### 2.1.2 Basis of measurement of financial assets and financial liabilities

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

### 2.1.3 Functional and presentation currency

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

### 2.1.4 Use of estimates and judgements

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

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

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

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

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

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

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

#### 2.1.5 Segment reporting

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

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

### 2.2. New accounting standards

#### 2.2.1 New accounting standards applicable as at 1 January 2023

##### 2.2.1.1. IFRS 17 "insurance contracts" – amendments to IFRS 17 published as at 25 June 2020 and amendments to IFRS 17 and IFRS 9 published as at 9 December 2021.

*Issued by the IASB on 18 May 2017, amended on 25 June 2020 and 9 December 2021*

IFRS 17 "Insurance Contracts", issued on 18 May 2017 and modified by the 25 June 2020 and 9 December 2021 Amendments, replaces IFRS 4 "Insurance Contracts" which allowed, in particular, insurance contracts to be recognised using methods set out by the local accounting regulations.

The Company does not have any significant impact from this new standard as it does not have any insurance activity

##### 2.2.1.2. Amendments to IAS 1 "Disclosure of Accounting policies"

The aim of these amendments is to help companies improve the materiality of the information on accounting policies disclosed in the notes to the financial statements and the usefulness of that information to investors and financial statement users.

The Company takes into account these amendments for the preparation of its interim condensed financial statements.

2.2.1.3. Amendments to IAS 8 “Definition of an Accounting estimate”

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

The Company takes into account these amendments for the preparation of its interim condensed financial statements.

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

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

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

This amendment has no effect on the Company interim condensed financial statements.

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

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 30 June 2023. They are required to be applied from annual periods beginning on 1 January 2023 at the earliest or on the date of their adoption by the European Union. They have not been applied by the Company as at 30 June 2023.

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

**2023**

- Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

**2024**

- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

2.2.2.1. Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

*Issued by the IASB on 23 May 2023*

These amendments introduce a mandatory and temporary exception to the recognition of the deferred taxes related to the supplementary taxation arising from the OECD Pillar 2 rules. This exception is accompanied by specific disclosure requirements in the annual accounts. However, it is not required to disclose this specific information in the 2023 interim accounts. Subject to their adoption by the European Union expected by the end of the year, these amendments would apply retrospectively to fiscal years beginning on or after 1 January 2023. Société Générale Group is monitoring the approval of these amendments and has set up a project structure to identify impacts and comply with the new accounting requirements of these amendments in relation to the OECD's “Pillar Two Model rules” international tax reform.

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

2.2.2.2. Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

*Adopted by IASB on 22 September 2022*

These amendments clarify the subsequent assessment of sale and leaseback transactions when the initial transfer of the property, plant or equipment meets the criteria of IFRS 15 “Revenue from contracts with customers” for recognition as a sale.

As the Company has no lease transaction, these amendments have no impact on the Company’s condensed interim financial statements.

## 2.3. Summary of significant accounting policies

2.3.1 Foreign currency transactions

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

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

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

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

| | **USD** | **JPY** | **GBP** | **HKD** | **CHF** |
|---|---|---|---|---|---|
| **30.06.2023** | 1.0866 | 157.16 | 0.85828 | 8.5157 | 0.9788 |
| **31.12.2022** | 1.0666 | 140.66 | 0.8869 | 8.3163 | 0.9847 |
| **30.06.2022** | 1.0387 | 141.54 | 0.8582 | 8.1493 | 0.9960 |

2.3.2 Cash and Cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

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

2.3.3 Financial instruments

2.3.3.1. Classification of financial instruments

**Classification of financial assets**

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

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

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

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

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

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

**Classification of financial liabilities**

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

- Financial liabilities at fair value through profit or loss:

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

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

- Financial liabilities at amortised cost:

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

2.3.3.2. Valuation of financial instruments

**<u>Definition of fair value</u>**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

**<u>Fair value hierarchy</u>**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the $N^{th}$ default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

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

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

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

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

- For Unsecured Notes and Fully Funded Swaps

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

- For Secured and Repack Notes

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

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

The collateral assets are composed of eligible securities.

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

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

- For Warrants and Options

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

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

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

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

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

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

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

**Deferred margin related to main unobservable inputs**

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

2.3.3.3. Impairments and provisions

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

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

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

**Impairment and provisions for credit risk**

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

- Exposures classified in Stage 1: At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition. Stage 1 exposures are impaired for the amount of credit losses that the Company expects to incur within 12 months (12- month expected credit losses), based on past data and the current situation;

- Exposures classified in Stage 2: To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Company, taking into account the counterparty's credit risk rating, the magnitude of the change in the counterparty's credit rating and the existence of payments of more than 30 days;

- Exposures classified in Stage 3 (doubtful outstandings): The Company determines whether or not there is objective evidence of impairment (default event).

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

**Impairments / Reversal of impairments**

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

2.3.3.4. Offsetting financial assets and financial liabilities

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

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

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

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

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

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

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

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

2.3.4 Other assets and other liabilities

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

2.3.5 Shareholders’ equity

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

2.3.6 Interest income and expense

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

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

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

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

#### 2.3.7 Fee income and expense

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

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

- Fees for ongoing services, such as custody fees and administration costs are recognized as income over the life of the service;
- Fees for one-off services, such as issuance and listing fees are recognized as income when the service is provided.

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

Income related to the issuance of Notes and Warrants falls under the scope of IFRS 15 and as such, is considered separately as income generated by two services when the Company performs its activities:

- The issuing fee, which is recognized upfront for the initiation and the structuration of the issuance;
- Account and security servicing fee during the lifecycle of the security.

#### 2.3.8 Other operating expenses

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

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

#### 2.3.9 Income tax

Income tax includes current taxes and deferred taxes:

- Current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- Deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

##### 2.3.9.1. Current tax

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

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

2.3.9.2. Deferred tax

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

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

2.3.9.3. Other commitments linked to secured Notes

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

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

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

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

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

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

### 2.4. GEOPOLITICAL CRISES AND MACROECONOMIC CONTEXT

The restrictions related to the Covid-19 pandemics in Mainland China ended during the first quarter 2023 which renewed optimism about economic activity for the year. However, the conflict in Ukraine still causes great uncertainty heightened by tensions in the banking sector in the U.S.A. and in Europe. Economic policies are clearly restrictive. Focusing on the containment of inflation, central banks tightened monetary policies, in particular with rapid and significant increases in interest rates. In the euro area:

- the slowdown in economic activity observed during the first half of 2023 should continue during the rest of the year with a modest rebound in 2024-2025;
- inflation would remain high in 2023 to drop down to around 3% in 2024 and fall back to the target in the mid-term.

The monetary tightening imposed by the ECB should soften from the end of 2023 on.

In this context, the Société Générale Group updated the macroeconomic scenarios chosen for the preparation of the consolidated financial statements and maintained some adjustments applied to its models to determine the credit risk adjustments (expected credit losses) in the preparation of its condensed interim financial statements.

## *NOTE 3 – CASH AND CASH EQUIVALENTS*

Cash and cash equivalents amount to KEUR 22 529 as at 30 June 2023 (31 December 2022: KEUR 36 176) and are mainly composed of cash held with SG Luxembourg and Société Générale.

As at 30 June 2023 and 31 December 2022, this caption only contains cash that is repayable on demand.

## *NOTE 4 – FINANCIAL INSTRUMENTS*

### 4.1. Financial assets at fair value through profit or loss

| | **30.06.2023** (‘000 EUR) | **31.12.2022** (‘000 EUR) |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| - Mandatorily at fair value through profit or loss (Fully Funded Swaps) | 49 931 054 | 38 757 924 |
| - Trading derivatives (Options) | 76 499 | 1 025 209 |
| **Total** | **50 007 553** | **39 783 133** |

As at 30 June 2023, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 49 931 054 (31 December 2022: KEUR 38 757 924) and replicate all the Notes issued by the Company (see Note 4.2). Differences between Fully Funded Swaps and Notes arise due to late settlements.

As at 30 June 2023, Trading derivatives (Options) amount to KEUR 76 499 (31 December 2022: KEUR 1 025 209) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between Options and Warrants arise due to late settlements.

As at 30 June 2023, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 25 871 520 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2022: KEUR 28 592 180) and KEUR 4 887 790 for the non-sold Warrants and the corresponding Options (31 December 2022: KEUR 4 462 437) (see Note 4.2).

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

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

| | ('000 EUR) Mandatorily at fair value through profit or loss | ('000 EUR) Trading derivatives | ('000 EUR) Total |
|---|---|---|---|
| **As at 1 January 2023** | **38 757 924** | **1 025 209** | **39 783 133** |
| Acquisition | 20 680 868 | 2 093 641 | 22 774 509 |
| Maturity/Disposal/Liquidation/Cancellation | (15 972 391) | (2 127 917) | (18 100 308) |
| Change in fair value and foreign exchange difference | 3 743 993 | (490 616) | 3 253 377 |
| Offsetting of Assets and Liabilities (Change) | 2 720 660 | (423 818) | 2 296 842 |
| **As at 30 June 2023** | **49 931 054** | **76 499** | **50 007 553** |

| | ('000 EUR) Mandatorily at fair value through profit or loss | ('000 EUR) Trading derivatives | ('000 EUR) Total |
|---|---|---|---|
| **As at 1 January 2022** | **40 322 401** | **714 838** | **41 037 239** |
| Acquisition | 40 385 254 | 35 456 241 | 75 841 495 |
| Maturity/Disposal/Liquidation/Cancellation | (42 593 531) | (36 732 528) | (79 326 059) |
| Change in fair value and foreign exchange difference | (5 675 247) | 1 475 158 | (4 200 089) |
| Offsetting of Assets and Liabilities (Change) | 6 319 047 | 111 500 | 6 430 547 |
| **As at 31 December 2022** | **38 757 924** | **1 025 209** | **39 783 133** |

## 4.2. Financial liabilities at fair value through profit or loss

| | 30.06.2023 ('000 EUR) | 31.12.2022 ('000 EUR) |
|---|---|---|
| **Financial liabilities at fair value through profit or loss** | | |
| - Designated at fair value through profit or loss (Notes) | 49 930 005 | 38 754 129 |
| - Trading derivatives (Warrants) | 76 429 | 1 025 105 |
| **Total** | **50 006 434** | **39 779 234** |

As at 30 June 2023, the Company has issued secured and unsecured Notes for a total amount of KEUR 49 930 005 (31 December 2021: KEUR 38 754 129):

- 22 370 unsecured Notes were issued (stock) for a total amount of KEUR 45 059 895 (31 December 2022: 21 324 unsecured Notes were issued (stock) for a total amount of KEUR 34 578 193);
- 401 secured Notes were issued (stock) for a total amount of KEUR 4 870 110 (31 December 2022: 514 secured Notes were issued (stock) for a total amount of KEUR 4 171 467).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 30 June 2023, securities deposited at BNY Mellon Luxembourg as collateral for secured issuances amount to KEUR 5 543 641 (31 December 2022: KEUR 5 280 150).

As at 30 June 2023, the Company also issued Warrants for a total amount of KEUR 76 429 (31 December 2022: KEUR 1 025 105). Refer to Note 9 for further details on Off-balance sheet items related to the Warrants activity.

As at 30 June 2023, the impact of the offsetting (decrease in the balance sheet) is KEUR 25 871 520 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2022: KEUR 28 592 180) and KEUR 4 887 790 for the non-sold Warrants and the corresponding Options (31 December 2022: KEUR 4 462 437) (see Note 4.1).

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

| | **('000 EUR) Designated at fair value through profit or loss** | **('000 EUR) Trading derivatives** | **('000 EUR) Total** |
|---|---|---|---|
| **As at 1 January 2023** | **38 754 129** | **1 025 105** | **39 779 234** |
| Acquisition | 21 032 691 | 2 093 571 | 23 126 262 |
| Cancelled/Liquidation/Maturity Disposal | (15 972 464) | (2 115 587) | (18 100 381) |
| Change in fair value and foreign exchange difference | 3 394 989 | (502 842) | 2 904 477 |
| Offsetting of Assets and Liabilities (Change) | 2 720 660 | (423 818) | 2 296 842 |
| **As at 30 June 2023** | **49 930 005** | **76 429** | **50 006 434** |

| | **('000 EUR) Designated at fair value through profit or loss** | **('000 EUR) Trading derivatives** | **('000 EUR) Total** |
|---|---|---|---|
| **As at 1 January 2022** | **40 323 850** | **714 854** | **41 038 704** |
| Acquisition | 40 391 104 | 35 350 594 | 75 741 697 |
| Cancelled/Liquidation/Maturity Disposal | (42 594 180) | (37 050 667) | (79 644 846) |
| Change in fair value and foreign exchange difference | (5 685 692) | 1 898 824 | (3 786 868) |
| Offsetting of Assets and Liabilities (Change) | 6 319 047 | 111 500 | 6 430 547 |
| **As at 31 December 2022** | **38 754 129** | **1 025 105** | **39 779 234** |

### 4.3. Financial liabilities at amortised cost

As at 30 June 2023 and 31 December 2022, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000 issued by the Company and fully subscribed by SG Luxembourg, with maturity in 2024. Conversion may occur each year.

On this convertible bond, the Company pays to SG Luxembourg both variable interests calculated on Euribor 3M plus a margin of 0.34% (total rate of 3.355% as at 30 June 2023) and activity related interests. Activity related interests mean an amount equal to 100% of the activity related profit generated by the Company.

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

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

## *NOTE 5 – LOANS AND RECEIVABLES*

As at 30 June 2023 and 31 December 2022, loans and receivables only consist in term deposits with SG Luxembourg, which represent the reinvestment of the Company's share capital, reserves and other available funds.

As at 31 December 2022, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR (1). As at 30 June 2023, the diminution of the expected credit losses resulted in a reversal of the IFRS9 impairment amounting to KEUR 1, as presented in the Caption reversal of Cost of Risk in the Statements of Profit and Loss.

## *NOTE 6 – TAXATION*

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

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

The rate of current tax applied as of 30 June 2023 is 25.09% (30 June 2022: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the period ended 30 June 2023, tax expenses amount to KEUR 0 (30 June 2022: KEUR 98).

## *NOTE 7 – SHAREHOLDERS' EQUITY*

### 7.1. Share capital and Share premium

On 30 November 2020, 100 shares were sold by SG Luxembourg to Société Générale for a total amount of EUR 4 000. SG Luxembourg still held 49 907 shares amounting to EUR 1 996 280 for which it waived its entire voting rights. As at 31 December 2022, the subscribed and fully paid share capital amounted to EUR 2 000 360, divided into 50 009 shares with nominal value of EUR 40 each.

By resolution adopted on 13 January 2023, the Executive Board decided to increase the capital of the Company from EUR 2 000 360 to EUR 2 000 400 by the issue of a new share with a nominal value of EUR 40, subscribed by SG Luxembourg. In the context of the capital increase, the 2022 activity related interests amounting to KEUR 22 050 have been allocated to the Share premium. It was then paid to the shareholders in June 2023.

As at 30 June 2023, the subscribed and fully paid share capital is EUR 2 000 400, divided into 50 010 shares with nominal value of EUR 40 each.

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

### 7.2. Reserves

7.2.1 Legal reserve

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

As at 30 June 2023, the legal reserve amounts to KEUR 200 (31 December 2022: KEUR 200).

7.2.2 Other reserves

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

During the first half of 2023, a dividend of KEUR 375 has been paid leading to a residual amount of KEUR 1 (31 December 2022: KEUR 375)

## *NOTE 8 – COMMISSION INCOME*

Commission income can be broken down as follows:

| | **30.06.2023 ('000 EUR)** | **30.06.2022 ('000 EUR)** |
|---|---|---|
| Issuing upfront fees on Notes | 20 381 | 14 367 |
| Servicing fees on Notes | 2 847 | 3 484 |
| Commission on Warrants | 440 | 605 |
| **Total** | **23 668** | **18 456** |

As at 30 June 2023, KEUR 3 699 are retained as deferred income under the caption “other liabilities” (30 June 2022: KEUR 3 956).

## *NOTE 9 – OFF-BALANCE SHEET*

As at 30 June 2023, financial instruments to be issued (commitment taken before 30 June 2023 with value date after 30 June 2023) amount to KEUR 3 302 045 (31 December 2022: KEUR 3 383 129).

**Warrants issuance summary**

The Warrants issued as at 30 June 2023 and 31 December 2022 break down as follows:

| | | | | 30 June 2023 | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Warrant Type** | **Category of Underlying** | **Type of Underlying** | **Option Type** | **Quantity** | **Notional (‘000 EUR)** | **Fair Value (‘000 EUR)** | **Quantity** | **Notional (‘000 EUR)** | **Fair Value (‘000 EUR)** |
| Basket Warrant | Basket | Index | Call | - | - | - | - | - | - |
| Commodity Future Warrant | Future | Mutual Fund | Put | - | - | - | - | - | - |
| | | Commodity Future | Call | - | - | - | - | - | - |
| | | | Put | 1 | 54 000 | 0 | 1 | 10 501 | 6 350 |
| Commodity Warrant | Commodity | Bruts | Call | - | - | - | 6 | 502 194 | - |
| | | | Put | - | - | - | - | - | - |
| | | Commodity Future | Call | - | - | - | - | - | - |
| | | Index | Call | - | - | - | - | - | - |
| | | Mutual Fund | Call | - | - | - | - | - | - |
| | | | Put | - | - | - | - | - | - |
| | | Precious metals | Call | - | - | - | - | - | - |
| | | | Put | - | - | - | - | - | - |
| | | Future Contract | Call | - | - | - | - | - | - |
| Currency Warrant | Currency | Currency | Call | - | - | - | - | - | - |
| | | | Put | - | - | - | - | - | - |
| Equity Warrant | Equity | Bruts | Call | - | - | - | - | - | - |
| | | | Put | 6 | 5 895 | 40 | - | - | - |
| | | Mutual fund | Call | 3 | 159 815 | 14 | 5 | 74 186 | 14 |
| | | Ordinary Share | Call | 829 | 11 490 243 | 22 700 | 802 | 7 255 408 | 269 708 |
| | | | Put | 404 | 5 676 731 | 4 603 | 341 | 4 466 777 | 142 467 |
| | | Own Share | Call | | | | - | - | - |
| | | | Put | - | - | - | - | - | - |
| | | Preference | Call | - | - | - | - | - | - |
| | | | Put | - | - | - | - | - | - |
| | | REIT | Call | - | - | - | 1 | 32 817 | 13 |

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

| | | | | 30 June 2023 | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Warrant Type** | **Category of Underlying** | **Type of Underlying** | **Option Type** | **Quantity** | **Notional** (‘000 EUR) | **Fair Value** (‘000 EUR) | **Quantity** | **Notional** (‘000 EUR) | **Fair Value** (‘000 EUR) |
| Real Estate Investment Trust | Real Estate Investment Trust | Real Estate Investment Trust | Call | 3 | 80 097 | 0 | - | - | - |
| | | | Put | - | - | - | - | - | - |
| Index Warrant | Index | Index | Call | 395 | 13 050 086 | 28 021 | 417 | 13 301 522 | 531 574 |
| | | | Put | 290 | 12 091 727 | 16 123 | 250 | 9 706 138 | 69 953 |
| Fund Warrant | Fund | Mutual Fund | Call | - | - | - | 5 | 165 377 | 12 |
| | | | Put | 1 | 31 303 | 1 | - | - | - |
| | | Fund | Call | 14 | 104 401 | 4 927 | 16 | 194 050 | 4 834 |
| **Total Call** | | | **Call** | **1 244** | **24 884 643** | **55 663** | **1 252** | **21 525 553** | **806 335** |
| **Total Put** | | | **Put** | **702** | **17 859 657** | **20 766** | **592** | **14 183 416** | **218 770** |
| **Total Warrants** | | | | **1 946** | **42 744 300** | **76 429** | **1 844** | **35 708 969** | **1 025 105** |

***NOTE 10 – RISK MANAGEMENT***

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

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

### 10.1. Market risk

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

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

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

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

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

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

### 10.2. Credit risk

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

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

As at 30 June 2023 and 31 December 2022, no financial assets were past due. An Expected Credit Loss is calculated on deposits, amounting to KEUR (1) as of 30 June 2023 following a reversal of impairment of KEUR 1 on the period (see note 5).

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

As at 30 June 2023, the rating of Société Générale is: A- from Fitch Ratings, A from R&I, A from Standard & Poor's and A1 from Moody's.

### 10.3. Interest rate risk

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

### 10.4. Liquidity risk

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

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

i) The financial instruments issued by the Company; and

ii) The financial assets held for hedging by the Company.

As at 30 June 2023, analysis per remaining maturities is as follows:

| **30.06.2023 - EUR' 000** | **< 3 months** | **From 3 months to 1 year** | **From 1 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|
| Cash and cash equivalents | 22 529 | - | - | - | **22 529** |
| **Financial assets at fair value through profit or loss** | | | | | |
| - Mandatorily at fair value through profit or loss | 2 626 138 | 6 717 835 | 18 057 325 | 22 529 755 | **49 931 054** |
| - Trading derivatives | 9 343 | 30 486 | 36 670 | 0 | **76 499** |
| Loans and receivables | - | 48 284 | 800 | 1 000 | **50 084** |
| Other assets | 354 695 | - | - | - | **354 695** |
| **Total assets** | **3 012 705** | **6 796 605** | **18 094 796** | **22 530 755** | **50 434 861** |
| | | | | | |
| **Financial liabilities at amortised cost** | 447 | 65 289 | - | - | **65 736** |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| - Designated at fair value through profit or loss | 2 593 131 | 6 721 495 | 18 094 796 | 22 557 562 | **49 930 005** |
| - Trading derivatives | 9 273 | 30 486 | 36 670 | - | **76 429** |
| Other liabilities | 360 733 | - | - | - | **360 733** |
| Tax liabilities | - | - | - | - | **-** |
| **Total liabilities** | **2 963 584** | **6 817 270** | **18 094 488** | **22 557 5627** | **50 432 903** |

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

As at 31 December 2022, analysis per remaining maturities is as follows:

| **31.12.2022 - EUR' 000** | **< 3 months** | **From 3 months to 1 year** | **From 1 to 5 years** | **> 5 years** | **Total** |
|---|---|---|---|---|---|
| Cash and cash equivalents | 36 176 | - | - | - | 36 176 |
| **Financial assets at fair value through profit or loss** | | | | | |
| - *Mandatorily at fair value through profit or loss* | 3 359 065 | 5 269 282 | 16 320 598 | 13 808 979 | 38 757 924 |
| - *Trading derivatives* | 441 726 | 357 417 | 226 066 | - | 1 025 209 |
| Loans and receivables | 48 023 | 200 | 800 | 1 000 | 50 023 |
| Other assets | 343 495 | - | - | - | 343 495 |
| **Total assets** | **4 228 485** | **5 626 899** | **16 547 464** | **13 809 979** | **40 212 827** |
| | | | | | |
| **Financial liabilities at amortised cost** | 517 | 70 068 | - | - | 70 585 |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| - *Designated at fair value through profit or loss* | 3 360 079 | 5 220 409 | 16 334 968 | 13 838 673 | 38 754 129 |
| - *Trading derivatives* | 441 621 | 357 417 | 226 067 | - | 1 025 105 |
| Other liabilities | 360 231 | - | - | - | 360 231 |
| Tax liabilities | - | 201 | - | - | 201 |
| **Total liabilities** | **4 162 448** | **5 648 095** | **16 561 035** | **13 838 673** | **40 210 251** |

### 10.5. Fair Value measurement

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

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

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Société Générale, in accordance with the methodologies defined by the Market Risk Department.

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

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

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

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

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

10.5.1 Estimates of Level 3 instruments and other most significant unobservable inputs as at 30 June 2023 (by type of underlyings)

| **Type of underlyings** | **Assets** In KEUR | **Liabilities** In KEUR | **Main products** | **Valuation techniques used** | **Significant unobservable inputs** | **Range of inputs Min & Max** |
|---|---|---|---|---|---|---|
| Equity / Funds | 17 359 | 17 359 | Derivatives on funds, equities or baskets of stocks derivatives on funds, equities or baskets of stocks | Various option models on funds, equities or baskets on stocks | Equity volatilities | [3.2% ; 196.2%] |
| | | | | | Equity dividends | [0.0% ; 15.9%] |
| | | | | | Unobservable correlations | [-72.4% ; 99.9%] |
| | | | | | Hedge funds volatilities | [7.6% ; 7.6%] |
| | | | | | Mutual fund volatilities | [5.4% ; 27.8%] |
| Rates, Forex and others | 4 467 | 4 467 | Hybrid forex / interest rate or credit / interest rate derivatives | Hybrid forex interest rate or credit interest rate option pricing models | Correlations | [-67.0% ; 90.0%] |
| | | | Forex derivatives | Forex option pricing models | Forex volatilities | [1.0% ; 47.0%] |
| | | | Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools | Prepayement modeling | Constant prepayment rates | [0.0% ; 20.0%] |
| | | | Inflation instruments and derivatives | Inflation pricing models | Inflation correlations | [72.0% ; 90.0%] |
| Credit | 3 844 | 3 844 | Collateralised Debt Obligations and index tranches | Recovery and base correlation projection models | Time to default correlations | [0% ; 100%] |
| | | | | | Recovery rate variance for single name underlyings | [0% ; 100%] |
| | | | Other credit derivatives | Credit default models | Time to default correlations | [0% ; 100%] |
| | | | | | Quanto correlations | [-50% ; 40%] |
| | | | | | Unobservable credit spreads | [0 bps ; 1 000 bps] |
| Commodity | 0 | 0 | Derivatives on commodities baskets | Option models on commodities | Commodities correlations | NA NA |
| **Total** | **25 670** | **25 670** | | | | |

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

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

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

| **30.06.2023 - EUR' 000** | **Carrying amount** | **Fair value** |
|---|---|---|
| **Cash and cash equivalents** | 22 529 | 22 529 |
| **Financial assets at fair value through profit or loss** | | |
| - *Mandatorily at fair value through profit or loss* | 49 931 054 | 49 931 054 |
| - *Trading derivatives* | 76 499 | 76 499 |
| Loans and receivables * | 50 084 | 49 956 |
| Other assets | 354 695 | 354 695 |
| **Total** | **50 434 861** | **50 434 733** |
| | | |
| Financial liabilities at amortised cost * | 65 736 | 65 856 |
| **Financial liabilities at fair value through profit or loss** | | |
| - *Designated at fair value through profit or loss* | 49 930 005 | 49 930 005 |
| - *Trading derivatives* | 76 429 | 76 429 |
| Other liabilities | 360 733 | 360 733 |
| Tax liabilities | 0 | 0 |
| **Total** | **50 432 903** | **50 433 023** |

| **31.12.2022 - EUR' 000** | **Carrying amount** | **Fair value** |
|---|---|---|
| **Cash and cash equivalents** | 36 176 | 36 176 |
| **Financial assets at fair value through profit or loss** | | |
| - *Mandatorily at fair value through profit or loss* | 38 757 924 | 38 757 924 |
| - *Trading derivatives* | 1 025 209 | 1 025 209 |
| Loans and receivables * | 50 023 | 49 873 |
| Other assets | 343 495 | 343 495 |
| **Total assets** | **40 212 827** | **40 212 677** |
| | | |
| Financial liabilities at amortised cost * | 70 585 | 70 602 |
| **Financial liabilities at fair value through profit or loss** | | |
| - *Designated at fair value through profit or loss* | 38 754 129 | 38 754 128 |
| - *Trading derivatives* | 1 025 105 | 1 025 105 |
| Other liabilities | 360 231 | 360 232 |
| Tax liabilities | 201 | 201 |
| **Total** | **40 210 251** | **40 210 268** |

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

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

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

10.5.3. The fair value hierarchy of IFRS 13

As at 30 June 2023, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

| **30.06.2023 - EUR' 000** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| ***Financial assets at fair value through profit or loss*** | | | | |
| **- *Mandatorily at fair value through profit or loss*** | **-** | **24 281 795** | **25 649 259** | **49 931 054** |
| *Commodities instruments* | - | - | - | - |
| *Credit derivatives/securities* | - | 410 987 | 3 558 385 | 3 969 372 |
| *Equity and index securities* | - | 21 348 983 | 17 342 822 | 38 691 804 |
| *Foreign exchange instruments/securities* | - | 629 228 | 265 348 | 894 576 |
| *Interest rate instruments/securities* | - | 1 772 178 | 4 201 827 | 5 974 004 |
| *Other financial instruments* | - | 120 420 | 280 877 | 401 297 |
| **- Trading derivatives** | **-** | **55 794** | **20 705** | **76 499** |
| *Equity and Index instruments* | - | 55 720 | 15 852 | 71 572 |
| *Foreign exchange instruments / securities* | - | - | - | - |
| *Other financial instruments* | - | 74 | 4 853 | 4 927 |
| ***Financial liabilities at fair value through profit or loss*** | | | | |
| **- Designated at fair value through profit or loss** | **-** | **24 280 746** | **25 649 259** | **49 930 005** |
| *Commodities instruments* | - | - | - | - |
| *Credit derivatives/securities* | - | 410 899 | 3 558 385 | 3 939 284 |
| *Equity and index securities* | - | 21 309 232 | 17 342 822 | 38 652 054 |
| *Foreign exchange instruments / securities* | - | 628 460 | 265 348 | 893 808 |
| *Interest rate instruments/securities* | - | 1 812 008 | 4 201 827 | 6 013 835 |
| *Other financial instruments* | - | 120 146 | 280 877 | 401 023 |
| **- Trading derivatives** | **-** | **55 724** | **20 705** | **76 429** |
| *Equity and Index instruments* | - | 55 651 | 15 852 | 71 502 |
| *Foreign exchange instruments / securities* | - | - | - | - |
| *Other financial instruments* | - | 74 | 4 853 | 4 927 |

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

As at 31 December 2022, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

| **31.12.2022 - EUR' 000** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| ***Financial assets at fair value through profit or loss*** | | | | |
| ***- Mandatorily at fair value through profit or loss*** | **-** | **13 596 360** | **25 161 564** | **38 757 924** |
| *Commodities instruments* | - | 30 733 | - | 30 733 |
| *Credit derivatives/securities* | - | 803 553 | 3 465 041 | 4 268 594 |
| *Equity and index securities* | - | 8 793 626 | 17 551 097 | 26 344 723 |
| *Foreign exchange instruments/securities* | - | 629 111 | 259 004 | 888 115 |
| *Interest rate instruments/securities* | - | 3 212 257 | 3 643 974 | 6 856 231 |
| *Other financial instruments* | - | 127 080 | 242 448 | 369 528 |
| **- Trading derivatives** | **-** | **1 000 904** | **24 306** | **1 025 209** |
| *Equity and Index instruments* | - | 994 397 | 17 630 | 1 012 027 |
| *Foreign exchange instruments / securities* | - | - | - | - |
| *Other financial instruments* | - | 6 507 | 6 676 | 13 182 |
| ***Financial liabilities at fair value through profit or loss*** | | | | |
| **- Designated at fair value through profit or loss** | **-** | **13 592 564** | **25 161 564** | **38 754 129** |
| *Commodities instruments* | - | 30 733 | - | 30 733 |
| *Credit derivatives/securities* | - | 803 734 | 3 465 041 | 4 268 775 |
| *Equity and index securities* | - | 8 791 638 | 17 551 097 | 26 342 735 |
| *Foreign exchange instruments/securities* | - | 629 220 | 259 004 | 888 224 |
| *Interest rate instruments/securities* | - | 3 210 159 | 3 643 974 | 6 854 133 |
| *Other financial instrument* | - | 127 080 | 242 448 | 369 529 |
| **- Trading derivatives** | **-** | **1 000 799** | **24 306** | **1 025 105** |
| *Equity and Index instruments* | - | 994 292 | 17 630 | 1 011 922 |
| *Foreign exchange instruments / securities* | - | - | - | - |
| *Other financial instruments* | - | 6 507 | 6 676 | 13 183 |

**Notes to the condensed interim financial statements (continued)**
As at 30 June 2023

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

| **Financial liabilities at fair value through profit or loss** | **Balance at 01.01.2023** | Acquisitions | Change in fair value | Reimbursements | Transfers from L2 to L3 | Transfers from L3 to L2 | Offsetting of the assets and liabilities | **Balance at 30.06.2023** |
|---|---|---|---|---|---|---|---|---|
| ***Designated at fair value through profit or loss*** | **25 161 564** | **11 992 570** | **2 447 363** | **(13 323 238)** | **145 982** | **(5 003 890)** | **4 228 908** | **25 649 259** |
| Equity and index instruments | 17 551 097 | 9 104 262 | 2 257 546 | (11 673 729) | 60 523 | (4 822 574) | 4 865 697 | **17 342 822** |
| Commodities securities | - | - | - | - | - | - | - | **-** |
| Credit derivatives | 3 465 041 | 678 023 | 68 287 | (743 370) | 86 290 | (155 809) | 159 924 | **3 558 385** |
| Foreign exchange instruments | 259 003 | 41 472 | (41 092) | (35 324) | 1 003 | (10 992) | 51 276 | **265 348** |
| Interest rate instruments | 3 643 975 | 2 045 665 | 177 396 | (806 368) | (1 834) | (4 127) | (852 879) | **4 201 827** |
| Other financial instruments | 242 448 | 123 148 | (14 774) | (64 447) | - | (10 388) | 4 890 | **280 877** |
| ***Trading derivatives*** | **24 306** | **-** | **(1 408)** | **(3 720)** | **333** | **-** | **1 194** | **20 705** |
| Equity and index instruments | 17 630 | - | (1 520) | (1 495) | 333 | - | 904 | **15 852** |
| Other financial instruments | 6 676 | - | 112 | (2 225) | - | - | 290 | **4 853** |

The variations in Level 3 financial assets are similar.

***Transfers from Level 3 to Level 2***

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

***Transfers from Level 2 to Level 3***

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal modification of the observability rule of the parameter etc…).

10.5.4. The fair value hierarchy of notes issued in RUB

As at 30 June 2023 the Company has issued 181 Notes in ruble (RUB) for a total amount of KEUR 51 015 (as at 31 December 2022 195 notes for a total amount of KEUR 47 006)

The following table describes the variation of the notes issued in RUB by financial instruments (in KEUR):

| **Financial liabilities at fair value through profit or loss** | **Balance at 01.01.2023** | Acquisitions | Change in fair value | Reimbursements | Offsetting of the assets and liabilities | **Balance at 30.06.2023** |
|---|---|---|---|---|---|---|
| ***Designated at fair value through profit or loss*** | **47 006** | **-** | **(5 783)** | **363** | **9 429** | **51 015** |
| Equity and index instruments | 44 694 | - | (5 517) | 1 210 | 9 256 | **49 643** |
| Credit derivatives | - | - | - | - | - | **-** |
| Foreign exchange instruments | 408 | - | - | (545) | 137 | **-** |
| Interest rate instruments | 900 | - | - | (900) | - | **-** |
| Other financial instruments | 1 004 | - | (266) | 598 | 36 | **1 372** |

### 10.6. Operational risk

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

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

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

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

## *NOTE 11 – INFORMATION ON LITIGATIONS*

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

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

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

## *NOTE 12 – SUBSEQUENT EVENTS*

There was no subsequent event which could have a significant impact on the condensed interim financial information as at 30 June 2023.