

**Société Générale
Effekten GmbH
Frankfurt am Main**

Management Report and Annual Financial Statements
for the financial year from January 1
to December 31, 2019¹

¹ In case of ambiguities or discrepancies, the German original always takes precedence over this English translation.

**Société Générale Effekten GmbH
Frankfurt am Main**

**Management Report
for the 2019 financial year**

A. Legal and commercial basis of the Company

Société Générale Effekten GmbH is a wholly-owned subsidiary of Société Générale S.A. Frankfurt, which is a branch of Société Générale S.A., Paris. The purpose of the company is to issue warrants and certificates, all of which are sold to the parent company, Société Générale S.A., Paris, to Société Générale Option Europe S.A., Paris, to Société Générale, Madrid branch, and to inora LIFE Limited, Dublin. All counterparties are wholly-owned subsidiaries of Société Générale S.A. or the parent company itself.

An additional area of activity for the Company is the acquisition, holding and management of investments. In this regard, the Company acquired interests in Société Générale Securities Services GmbH, Unterföhring, and ALD Lease Finanz GmbH, Hamburg, for the first time as of January 1, 2017.

Due to the implementation of the unified European permit (“European passport”), meaning that only a single approval of securities prospectuses by the responsible supervisory authority (BaFin) is necessary, the Company can list its products on various stock exchanges in the European Union (stock exchanges in Madrid, Milan, Paris, Luxembourg, London, Stockholm, Helsinki, etc.). If the Company’s products are listed on a stock exchange in a country that is not a member of the European Union, the required permit is issued by the supervisory authority of the respective country. Due to internal restructuring beginning in mid-2016, the Company terminated its issuing activities for new transactions listed on other European stock exchanges. The Company’s issues were listed again on a regulated market within the meaning of the EU Prospectus Directive in March 2020 in connection with the acquisition of part of Commerzbank’s Equity Markets & Commodities Division (EMC). The Company still plans to list issues on unregulated stock exchange segments, including over-the-counter segments of the stock exchanges in Germany.

After being purchased by the counterparties listed above, in a second step the issues are placed with end customers by Société Générale S.A., Paris, so that no influence on the economic circumstances of the issuer results from this action.

B. Financial review

I. General economic and industry-specific conditions

The growth momentum of the global economy has slowed markedly, particularly in the advanced economies, although growth has also slowed in emerging-market countries. Global trade has declined and manufacturing has been especially weak. The volume of global trade has contracted noticeably for three consecutive quarters. The regional breakdown shows that especially China and the other Asian emerging-market countries have contributed to the drop in import volumes. In the second quarter of 2019, considerable slowing occurred in the other advanced economies, including the United Kingdom. However, growth largely came to a halt in the other regions as well. In view of the weaker economic growth and lower inflation rates and expectations, the nascent phase of modest monetary

policy tightening has since come to an end. After the incremental rate increases of the past years, the US Federal Reserve (Fed) lowered its benchmark interest rate in July for the first time since 2009. In September, the European Central Bank (ECB) adopted an extensive package of monetary loosening measures.

In the Eurozone, moreover, the monetary union is still subject to the risk of political uncertainty. Particularly as a result of the economic slowdown, the high levels of debt and unsolved structural problems could give rise to new political conflicts that could, in turn, further damage economic growth. Consumers are still in good shape. As in the previous years, consumer spending made the biggest contribution to economic growth. In the past, consumer demand has been particularly supported by the healthy state of the labor market and the resulting gains in disposable income.¹

In view of the uncertainties related to the extent and duration of the Covid-19 pandemic, the Company is currently analyzing possible scenarios and their effects on the Company's results.

Due to the development of the health crisis related to Covid-19, the Company has a duty to protect all its teams and offer them the best-possible support. The Company has taken operational measures to ensure the safety of its employees while also maintaining business continuity and the quality of processes.

Employees have the option of working from home. In the early weeks of the crisis, nearly all employees worked from home or in divided teams. All necessary tools and IT connections were provided to them. In addition, all measures are being taken to protect the health of employees working in the office. Moreover, the parent company organizes regular telephone meetings with departments managers and regularly provides information by e-mail.

The changes in base factors (stock and currency prices, indices, etc.) accompanying the economic development are the foundation for investors' expectations and are thus crucial to the design of issued products in the area of warrants and certificates.

In launching new products in the past financial year 2019, the Company reacted quickly to market volatility and either launched new products or adapted existing products.

II. Business developments

The Company's goal in 2019 was to maintain its market position in Germany. This goal was achieved with a modest, 2% increase in issuance activity compared to the previous year.

Investment products on a total of 64,571 products were issued in the 2019 financial year (PY: 52,989). Among products without capital protection, 30,043 products on bonus certificates, 21,885 products on discount certificates, 12,403 products on reverse convertibles and 207 products on express certificates were issued.

Furthermore, 364,978 leverage products (PY: 366,081) were issued. In addition to 279,166 products with knock-out, 85,324 products on warrants and 488 products on factor certificates were issued in the category of products without knock-out.

In accordance with its plan, the Company's new issues were floated on unregulated stock exchange segments in Germany in financial year 2019.

¹ German Council of Economic Experts: Annual Report 2019/2020; Den Strukturwandel meistern (Mastering Structural Change), Wiesbaden, 11/06/2019.

The subsidiaries purchased in 2017 have performed well on the whole, although the impairment recognized in the purchase price paid for the interests in Société Générale Securities Services GmbH in the previous year, which reduced the carrying amount of this investment from EUR 515 thousand to EUR 1, due to future profit expectations, was kept in place.

The overall performance in financial year 2019 can be regarded as positive considering the expansion of issuance activities and the performance of the subsidiaries, and was therefore in line with the previous year's forecast.

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

a) Financial position

Total assets rose by EUR 363 million from the previous year to reach EUR 6,529 million. This increase is attributable to the higher issue volume in 2019 compared to 2018.

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

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

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

Receivables are owed by Société Générale Frankfurt and Société Générale S.A., Paris. Receivables are also owed by ALD Lease Finanz GmbH under the profit transfer agreement concluded between ALD Lease Finanz GmbH (subsidiary company) and Société Générale Effekten GmbH (parent company) on September 26, 2017. No credit risks exist outside the Société Générale group.

Liabilities are mainly related to the issuance of certificates and warrants, as well as a loan received from Société Générale Frankfurt for the acquisition of the subsidiaries Société Générale Securities Services GmbH, Unterföhring, and ALD Lease Finanz GmbH, Hamburg, as of January 1, 2017. There are also liabilities from the absorption of the loss of Société Générale Securities Services GmbH, Unterföhring, on the basis of a profit transfer agreement concluded between Société Générale Securities Services GmbH (subsidiary company) and Société Générale Effekten GmbH (parent company) on December 1, 2017.

The financial position was sound in financial year 2019.

b) Financial performance

The proceeds from the sale of issued warrants and certificates are always offset by the expenses for the acquisition of the corresponding hedging transactions, so that the Company does not generate any profit from its issuance activities. In accordance with IDW RS HFA 35 para. 86, the cash flows resulting from the termination of the hedge were recognized directly in equity, with no effect on the income statement, in the 2019 financial year.

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

Due to the sustained economic development of Société Générale Securities Services GmbH, the writedown of shares in Société Générale Securities Services GmbH to a memo value of EUR 1 was kept in place.

Personnel expenses and other operating expenses are passed on to Société Générale S.A., Paris, and Société Générale S.A., Frankfurt Branch, based on a "cost plus" arrangement. The EUR 1,540 thousand decrease in other operating expenses compared to the previous year resulted mainly from the reduction of stock exchange expenses resulting from the conversion to the security-box procedure. Under this procedure, stock exchange expenses are only incurred upon the first sale.

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

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

Due to a profit transfer agreement concluded with Société Générale Frankfurt effective January 1, 2016, the Company shows no net profit/loss for the year as of December 31, 2019.

The financial performance was sound in financial year 2019.

c) Cash flows and liquidity position

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

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

Business transactions affecting cash flow result from the issues and the corresponding hedging transactions, from the payment of personnel and other operating expenses and the

charging of these expenses to Société Générale S.A., Paris, and Société Générale Frankfurt.

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

The Group emphasizes the strength of its balance sheet (CET1 ratio of 13.2% at December 31, 2019, including the reversal of the 2019 dividend provision by 54 basis points), which provides a cushion of around 410 basis points above the regulatory requirements. Its liquidity position at the end of February 2020 was likewise strong, with a LCR ratio of 150%.

At the reporting date of December 31, 2019, the Company recognized a liability to Société Générale Frankfurt in the amount of EUR 407,822 thousand, which is presented in the item of Liabilities to affiliated companies. It includes a borrowed loan, including accrued interest. At the reporting date of December 31, 2019, the Company recognized a receivable from Société Générale Frankfurt in the amount of EUR 559 thousand and a receivable from Société Générale S.A. in the amount of EUR 590 thousand under the cost-plus agreements in effect.

Under the existing profit transfer agreements, the Company recognized receivables from ALD Lease Finanz GmbH in the amount of EUR 51,702 thousand and liabilities to Société Générale Securities Services GmbH in the amount of EUR 11,959 thousand from the loss absorption, and receivables from Société Générale Frankfurt in the amount of EUR 35,843 thousand from the profit transfer.

The Company can resort to a committed credit facility of Société Générale S.A. Frankfurt Branch in the amount of EUR 10,000 thousand. In addition, Société Générale S.A., Paris, promised the Company in a letter of comfort dated April 30, 2015 that the liquidity risks from expenses and the issuance business are secured.

The liquidity position was sound in financial year 2019.

IV. Financial/ non-financial performance indicators

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

Internal controlling in the Company is carried out using the systems and control procedures of the parent company to a large extent. As part of its efforts to enhance operational efficiency, the parent company is continuously adjusting its systems and control procedures and adding to its internal procedures as needed. Extensive improvements in handling the issuing process led to efficiency increases that have made it possible to increase the issuance volume. A new issuance procedure was introduced to the German market in May 2019. Under the so-called “security box” procedure, new products are initially pre-authorized by the settlement and depositary company on the basis of product documentation. However, the transactions are not recorded until the final authorization of the new products at the time of sale by Société Générale S.A., Paris, as the market maker. This information is presented in the first table of the notes to the financial statements on page 7. In addition, the second

table on page 8 of the notes to the financial statements presents those products for which complete documentation (Final Terms) and International Securities Code are available and that have been pre-authorized, but not yet sold.

Once it became clear in late 2019 that SG Effekten GmbH would be considered as a “target issuer” for most of the products of the EMC Division of Commerzbank, processes were analyzed and the coming developments were adjusted accordingly (primarily including the extension of issuance activity to Scandinavia and Western Europe).

The Company also began to restructure its internal control system in 2019 (see Section D).

No other non-financial performance indicators are used.

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

I. Expected development of the Company (Forecast Report)

The spread of the coronavirus will have a substantial impact on the economy in Germany. It is hitting the German economy at a time when it was posed to regain its stride after last year’s downturn. There had been growing signs that manufacturing had reached a bottom and was gradually recovering from the recession. The concrete economic damage to be caused by the coronavirus can hardly be quantified at this time. First, the effects are not yet reflected in the currently available leading indicators. Second, the further course of the viral pandemic is uncertain and the economic consequences will depend in large part on the measures taken to contain it. A forecast by the Kiel Institute for the World Economy (KIW) assumes that the coronavirus will curb economic activity especially in the first half of the year, after which it will recover appreciably due to pent-up demand. Under this scenario, the development of the economy will resemble a pronounced V shape. It is already clear that foreign trade will suffer considerably in the coming months. Not only trade with China, but also with other countries affected by the virus can be expected to contract markedly. As a result, delivery problems affecting input goods will additionally cause noticeable decreases in production. But the spread of the virus will also have a substantial impact on domestic economies. Private households are likely to put off spending, particularly on leisure activities, to avoid becoming infected. Businesses are likely to delay investment spending due to the uncertain progression of the pandemic. As long as the worst adverse effects are limited to the first half of the year, the impact on employment numbers will probably be minor.

The coronavirus pandemic will trigger a deep recession in Germany. According to the spring report of the leading economic research institutions, economic output will shrink by 4.2 percent in 2020. For next year, the experts predict a recovery and economic growth of 5.8 percent.²

Generally speaking, however, downside risks predominate. Depending on the further course of coronavirus infections, considerably more negative scenarios are conceivable.

The growth strategy of the group of Société Générale S.A., Paris, is focused on Germany as one of the world’s two biggest markets for warrants and certificates.

The Management expects that the Company’s issuing activity will increase further.

² Kiel Institute for the World Economy: Joint Economic Forecast 1/2020: Economy in Shock; published on 04/08/2020.

The Company acquired most of the flow-product issuance business of the EMC (Equity Markets & Commodities) Division from Commerzbank in the first quarter of 2020. The products will now be listed in Scandinavia and Western Europe, in addition to Germany.

This goal can be achieved with the aid of the measures initiated in the past years to automate the issuance process, which will increase capacity and lead to greater efficiency in this process. Moreover, the volatile market environment will probably lead to a higher volume of follow-up issues of turbo warrants, as barriers are breached.

As in prior years, a broad range of warrants and certificates will be offered in 2020.

Sustainability long ago ceased to be a niche topic. The interest in sustainable investment options is growing steadily. There has been a lack of uniform and transparent standards in the past. The core idea of the current political plans is to adopt harmonized criteria. The Company will take this trend into account in its issuance considerations.

Also in 2020, the Company expects a profit contribution from ALD Lease Finanz GmbH of the same amount as in 2019 and loss absorption expenses from the loss of Société Générale Securities Services GmbH in the amount of approximately EUR 12 million on the basis of the profit transfer agreements concluded with those companies. Depending on the duration of the pandemic and the effectiveness of government support benefits, a negative deviation from the following forecast cannot be ruled out.

Including the accrued interest on the borrowed loans in the amount of approx. EUR 3 million and the reimbursements made on the basis of the cost-plus agreement, the Company expects a profit of approx. EUR 35 million before the profit transfer to Société Générale Frankfurt on the basis of the existing profit transfer agreement.

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

II. Risk Report

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

Potentially occurring risks in financial year 2019 were as follows:

Counterparty default risks

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

Market price risks

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

Liquidity risks

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

Operational risks

Société Générale S.A., Paris, has developed processes and systems for monitoring and controlling operational risks that are used by Société Générale Effekten GmbH. They are essentially based on the principle of permanent monitoring. Specially designed applications document processes and evaluate them according to prescribed criteria in order to prevent losses from operational risks. There are also precautions in the context of the Business Continuity Plan (BCP) to maintain seamless business operations in the event of disruptions to the infrastructure.

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

The described measures and processes made it possible to ensure that no operational risks occurred in financial year 2019 in the following areas:

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

There were no significant changes to the risk situation compared to the prior year. Based on currently available information, there are no discernible risks that could endanger the Company's continued operation as a going concern.

The new product process described in the opportunity report does not exacerbate existing risks or give rise to new risks.

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

III. Report on opportunities

Although the consequences of the coronavirus pandemic are not yet reflected in real economic data, the first negative forecasts are already being discussed. It is difficult to estimate the effects of the global shutdown. Experts are currently expecting a GDP contraction of around 2% per month. If the current state of affairs remains the same, GDP would decline by 12% in the next six months. Substantial revenue losses are already being sustained in the tourism industry (airlines, hotels and restaurants) and in the retail sector. The severity of the recession will also depend on the success of the government support and investment programs that the German federal government has already adopted.

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

Consideration is given to all relevant factors for the Company, such as markets, competitive situation, strategic orientation, existing organization, personnel, back office, technical processing capacity, and volume factors.

The Company acquired most of Commerzbank's Equity Markets & Commodities (EMC) activities in the first quarter of 2020. These activities are mostly in the flow category with currently similar product types. Issuance activities will be extended to Scandinavia and Western Europe. Due to the migration, total assets will rise by around EUR 2 billion or around 50,000 products.

The Management expects that the Company's business activity will increase further.

The risks of the 2020 financial year will be analyzed with respect to the aforementioned acquisition and the risk management system will be adjusted accordingly.

D. Internal control and risk management system with regard to the financial reporting process

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

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

The internal control system (ICS) is based on the three-lines-of-defense model.

FIRST LINE OF DEFENSE

The first line of defense (LOD1) is the level of Business Units (BUs) and Support Units (SUs), which assume risks and bear direct responsibility for continuous operational management. The BUs and SUs bear primary responsibility for risk assessment and for

control and oversight measures within their given areas, and for the ongoing performance of first-level controls according to the norms, standards and procedures established by the second line of defense. At the level of the first line of defense, suitable procedures and control systems are employed to ensure risk identification, analysis, measurement, control and mitigation with due regard to the Group's risk appetite and in compliance with all external and internal requirements for their business activities. To this end, the senior managers of the BUs and SUs or the managers responsible for business processes implement the following measures, to the extent necessary:

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

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

SECOND LINE OF DEFENSE

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

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

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

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

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

THIRD LINE OF DEFENSE

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

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

CONTINUAL CONTROLS CONTINUAL FIRST-LEVEL CONTROL ACTIVITIES

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

The continual control activities include:

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

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

CONTINUAL SECOND-LEVEL CONTROL ACTIVITIES

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

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

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

Frankfurt am Main, April 30, 2020

The Management

Société Générale Effekten GmbH

Françoise Esnouf

Helmut Höfer

Nurten Erdogan

SOCIÉTÉ GÉNÉRALE EFFETEN GMBH, FRANKFURT AM MAIN

STATEMENT OF FINANCIAL POSITION at 12/31/2019

<u>ASSETS</u>	<u>12/31/2019</u> EUR	<u>12/31/2018</u> EUR	<u>EQUITY AND LIABILITIES</u>	<u>12/31/2019</u> EUR	<u>12/31/2018</u> EUR
A. NONCURRENT ASSETS			A. EQUITY		
Noncurrent financial assets			I. Subscribed capital	25.564,59	25.564,59
Interests in affiliated companies	406.708.441,30	406.708.441,30	II. Profit carried forward	1.137.724,99	1.137.724,99
B. CURRENT ASSETS			III. Financial year net profit/loss	<u>0,00</u>	<u>0,00</u>
Receivables and other assets				<u>1.163.289,58</u>	<u>1.163.289,58</u>
1. Receivables from affiliated companies			B. PROVISIONS		
a) From the investment of issue proceeds	4.063.138.910,81	3.867.700.993,85	I. Provisions for pensions and similar obligations	415.805,84	377.388,97
- thereof due in more than one			II. Other provisions	<u>1.196.550,39</u>	<u>318.440,00</u>
year: EUR 2,835,822,942.46				<u>1.612.356,23</u>	<u>695.828,97</u>
(PY: EUR 2,667,740,229.95)			C. LIABILITIES		
b) Other receivables	52.851.360,65	65.678.496,13	I. Liabilities under issued certificates	4.063.138.911,29	3.867.700.994,63
- thereof due in more than one			- thereof due in up to one		
year: EUR 0.00 (PY: EUR 0.00)			year: EUR 1,227,315,968.42 (PY: EUR 1,199,960,764.68)		
2. Other assets	965.906.741,16	1.195.779.566,04	- thereof due to affiliated companies:		
- thereof due in more than one			EUR 4,063,138,911.29 (PY: EUR 3,867,700,994.63)		
year: EUR 867,818,237.54 (PY: EUR 980,175,256.91)			II. Trade payables	80.340,72	138.353,53
- thereof due from affiliated companies:			- thereof due in up to one		
EUR 965,663,666.94 (PY: EUR 1,195,771,545.15)			year: EUR 80,340.72 (PY: EUR 138.353.53)		
	<u>5.081.897.012,62</u>	<u>5.129.159.056,02</u>	III. Liabilities to affiliated companies	456.915.487,04	470.397.485,46
C. TRUST ASSETS			- thereof due in up to one		
Receivables	1.040.403.549,92	630.281.009,49	year: EUR 39,607,786.88 (PY: EUR 63,174,391.59)		
- thereof due in more than one			IV. Other liabilities	965.695.069,06	1.195.771.545,15
year: EUR 725,420,110.76 (PY: EUR 425,998,677.01)			- thereof due in up to one		
- thereof due from affiliated companies:			year: EUR 172,533,282.40 (PY: EUR 215,596,288.24)		
EUR 1,040,403,549.92 (PY: EUR 630,281,009.49)			- thereof due to affiliated companies:		
			EUR 965,663,666.94 (PY: EUR 1,195,771,545.15)		
				<u>5.485.829.808,11</u>	<u>5.534.008.378,77</u>
			D. TRUST LIABILITIES		
			- thereof due in up to one	1.040.403.549,92	630.281.009,49
			year: EUR 314,983,439.16 (PY: EUR 204,282,332.48)		
			- thereof due to affiliated companies:		
			EUR 1,040,403,549.92 (PY: EUR 630,281,009.49)		
				<u>6.529.009.003,84</u>	<u>6.166.148.506,81</u>
	<u>6.529.009.003,84</u>	<u>6.166.148.506,81</u>			

SOCIÉTÉ GÉNÉRALE EFFEKTEN GMBH

FRANKFURT AM MAIN

INCOME STATEMENT

FOR THE PERIOD FROM JANUARY 1, 2019 TO DECEMBER 31, 2019

	January 1, 2019 to December 31, 2019 EUR	January 1, 2018 to December 31, 2018 EUR
1. Income from warrant transactions	-	2.885.543.120,93
2. Expenses for warrant transactions	-	2.885.543.120,93
3. Income from certificate transactions	-	1.171.520.716,73
4. Expenses for certificate transactions	-	1.171.520.716,72
5. Revenues	3.971.449,53	3.988.533,85
thereof Société Générale S.A., Paris	1.603.371,69	2.194.014,02
thereof Société Générale Frankfurt	2.368.077,68	1.794.519,83
6. Other operating income	6.296,19	2.003.439,33
7. Personnel expenses		
a) Wages and salaries	330.627,62	228.456,80
b) Social security contributions, pension expenses and other benefit expenses	104.700,36	110.645,59
thereof for pensions: EUR 43,013 (PY: EUR 65,853)		
8. Other operating expenses	3.494.697,48	5.034.601,94
9. Income from equity investments	-	-
- thereof from affiliated companies: EUR 0 (PY: EUR 0)		
10. Income from a profit/transfer agreement	51.701.638,77	64.326.158,08
11. Other interest and similar income	411,04	171,74
- thereof from affiliated companies: EUR 411.04 (PY: EUR 170.46)		
12. Impairments of noncurrent financial assets and securities classified as current assets	-	-
- thereof in affiliated companies: EUR 0 (PY: EUR 0)		
13. Expenses for loss absorptions	11.959.449,40	12.304.455,16
14. Interest and similar expenses	3.947.663,61	3.275.269,18
- thereof to affiliated companies: EUR 3,947,663.61 (PY: EUR 3,275,269.18)		
- thereof from negative interest: EUR 1,689.00 (PY: EUR 3,419.13)		
15. Profit after taxes	35.842.657,06	49.364.874,34
16. Profits transferred under a profit/transfer agreement	35.842.657,06	49.364.874,34
17. Financial year net profit/loss	<u>0,00</u>	<u>(0,00)</u>

**Société Générale Effekten GmbH
Frankfurt am Main**

**Notes to the Annual Financial Statements
for the 2019 financial year**

Notes to the annual financial statements at December 31, 2019 and other disclosures

The annual financial statements of Société Générale Effekten GmbH at December 31, 2019, have been prepared according to the accounting regulations of the German Commercial Code (HGB) and the supplementary regulations of the Limited Liability Companies Act (GmbHG) in compliance with generally accepted accounting principles.

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

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

Profit transfer agreements

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

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

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

1. Recognition and measurement principles

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

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

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

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

The provisions for pensions were measured at the settlement value deemed necessary according to sound business judgment (Section 253 (I)(2) HGB) in accordance with actuarial principles, taking the 2019 G life expectancy table of Prof. Dr. Klaus Heubeck into account.. A standard term to maturity of 15 years was assumed for discounting purposes and the provisions were discounted to present value by application of the average market interest rate for the last 10 years as calculated at the reporting date, that being 2.71% (average market interest rate for the last 10 years applied in the previous year: 3.21%) (Section 253 (II)(2) HGB). The maturity-matched interest rates of the German Bundesbank are applied for discounting the provisions to present value.

The projected unit credit method is used as an actuarial measurement method. The following parameters were assumed for the pension provisions: a discount rate, a salary dynamic of 2.30% (PY: 2.70%) and a pension dynamic of 1.30% (PY: 1.70%). The effects of interest rate changes are recognized in the operating profits. The difference between the amount of recognized pension provisions after discounting to present value by application of the average market interest rate for the last 10 financial years and the provision amount that would result if the provisions were discounted to present value by application of the average market interest rate for the last seven financial years is EUR 74,546 and is therefore subject to a payout block according to Section 253 (6) HGB, although payout is not blocked.

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

Option premiums are recognized until exercise or expiration as Other assets or Other liabilities.

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

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

The liabilities from issued certificates and warrants and the hedging transactions recognized in Receivables and other assets were aggregated into valuation units and recognized as assets at cost or as liabilities in the amount of the issue proceeds. These are perfect micro-hedges. In accordance with Section 254 HGB, subsequent measurement is not performed due to their characteristic as valuation units, i.e., due to non-recognition of the offsetting changes in value, the net hedge presentation method is used in this context (Section 285 (19b) and (19c) HGB, as well as Section 285 (23a) and (23b) HGB). In accordance with IDW RS HFA 35 para. 86, the cash flows resulting from the termination of the hedge were recognized directly, with no effect on the income statement. It was not necessary to make value adjustments to Receivables and other assets.

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

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

2. Development of noncurrent assets

Noncurrent financial assets

	Interests in affiliated companies
	EUR
Acquisition cost 01/01/2019	407,223,093,87
Acquisitions	-
Disposals	-
Acquisition cost 12/31/2019	407,223,093,87
Accumulated impairments 01/01/19	514,652,57
Additions to impairments in the financial year	-
Reclassifications	-
Disposals	-
Accumulated impairments 12/31/19	514,652,57
Carrying amount at the 12/31/18 reporting date	406,708,441,30
Carrying amount at the 12/31/19 reporting date	406,708,441,30

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

3. Notes to the statement of financial position

The **Receivables from affiliated companies** amounted to EUR 4,115,990 thousand (PY: EUR 3,933,379 thousand). They were mainly comprised of receivables owed by Société Générale S.A., Paris, in the amount of EUR 4,063,139 thousand (PY: EUR 3,867,701 thousand) from the investment of the issue proceeds from issued certificates and from Other receivables in the amount of EUR 52,851 thousand (PY: EUR 65,678 thousand). The Other receivables mainly consisted of receivables from ALD Lease Finanz GmbH, Hamburg, under an existing profit transfer agreement in the amount of EUR 51,702 thousand (PY: EUR 64,326 thousand) and receivables under existing cost reimbursement agreements from Société Générale Frankfurt Branch, Frankfurt am Main, in the amount of EUR 559 thousand (PY: EUR 852 thousand) and from Société Générale S.A., Paris, in the amount of EUR 590 thousand (PY: EUR 405 thousand).

Other assets comprise the OTC options acquired by the shareholder to hedge issued warrants. They amounted to EUR 965,664 thousand (PY: EUR 1,195,780 thousand).

The **Trust receivables** in the amount of EUR 1,040,404 thousand (PY: EUR 630,281 thousand) are funds forwarded to the shareholder Société Générale S.A., Paris, from multiple certificates issued for the shareholder in the name of Société Générale Effekten GmbH and for account of Société Générale S.A., Paris.

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

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

The **Other Provisions** result primarily from provisions for issuing costs as well as audit and consulting costs. They amounted to EUR 1,197 thousand (PY: EUR 318 thousand).

Liabilities to affiliated companies in the amount of EUR 456,915 thousand (PY: EUR 470,398 thousand) mainly consisted of existing liabilities to Société Générale S.A. Frankfurt Branch under borrowed loans, including accrued interest, in the amount of EUR 407,822 thousand (PY: EUR 407,366 thousand), and liabilities to Société Générale S.A. Frankfurt Branch from the profit transfer in the amount of EUR 35,843 thousand (PY: EUR 49,365 thousand) and liabilities to Société Générale Securities Services GmbH from the loss absorption in the amount of EUR 11,959 thousand (PY: EUR 12,304 thousand) on the basis of the profit transfer agreement.

The **Trust liabilities** in the amount of EUR 1,040,404 thousand (PY: EUR 630,281 thousand) included the issuance of certificates issued in the Company's own name for account of Société Générale S.A., Paris.

Certificates (issues) in foreign currencies are recognized in the items of Liabilities from issued certificates and Trust liabilities on the equity and liabilities side of the statement of financial position in a total amount of EUR 30,380 thousand (EUR 5,707 thousand from CAD, EUR 22,297 thousand from USD, EUR 2,376 thousand from AUD). The corresponding hedges are presented in the same amount in the item Receivables from affiliated companies from the investment of issue proceeds and Trust assets on the assets side of the statement of financial position. Currency translation is performed at the exchange rate applicable on the posting date as part of the formation of valuation units (net hedge presentation method),

taking into account the terms and conditions of the issue specified in the respective prospectus. Because currency risks are hedged, exchange rate fluctuations have no effect on the Company's income statement.

Warrants (issues) in foreign currencies are recognized in the item Other liabilities on the liabilities side of the statement of financial position in a total amount of EUR 166,933 thousand (EUR 21,865 thousand from GBP and EUR 145,067 thousand from SEK). The corresponding hedges are carried in the same amount under the item of Other assets on the assets side of the statement of financial position. Currency translation is performed at the exchange rate applicable on the posting date as part of the formation of valuation units (net hedge presentation method), taking into account the terms and conditions of the issue specified in the respective prospectus. Because currency risks are hedged, exchange rate fluctuations have no effect on the Company's income statement.

Liabilities/ trust liabilities in the amount of EUR 5,485,830 thousand / EUR 1,040,404 thousand consisted mainly of liabilities to affiliated companies (EUR 6,526,153 thousand).

Maturity structure of receivables and liabilities

in KEUR

	Total	Due in up to 1 year	Due in 1 to 5 years	Due in more than 5 years
Receivables				
- from the investment of issue proceeds	4,063,139	1,227,316	657,493	2,178,330
- Other receivables	52,851	52,851		
- Trust assets	1,040,404	315,599	682,500	42,305
Other assets	965,907	172,776	166,557	626,573
Interests in affiliated companies	406,708	-	-	406,708
TOTAL	6,529,009	1,768,543	1,506,549	3,253,917
Liabilities				
- Liabilities under issued certificates	4,063,139	1,227,316	657,493	2,178,330
- Trade payables	80	80	-	-
- Liabilities from affiliated companies:	456,915	39,608	-	417,308
- Trust assets	1,040,404	315,599	682,500	42,305
Other liabilities	967,307	174,168	166,557	626,583
TOTAL	6,527,846	1,756,771	1,506,549	3,264,525

4. Notes to the income statement

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

Revenues in the amount of EUR 3,971 thousand (PY: EUR 3,989 thousand) consisted of cost transfers of services within the scope of a cost-plus procedure with an administrative cost mark-up of 5% by Société Générale S.A., Paris, in the amount of EUR 1,603 thousand and by Société Générale S.A. Frankfurt Branch in the amount EUR 2,368 thousand. The service covers administrative processing for the issuance business.

Other operating income in the amount of EUR 6 thousand consisted mainly of reimbursements by Société Générale S.A., Paris.

Personnel expenses consisted of wages and salaries in the amount of EUR 331 thousand (PY: EUR 229 thousand) and social security contributions and pension expenses in the amount of EUR 105 thousand (PY: EUR 111 thousand).

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

<i>in EUR</i>	2019	2018
Legal, consulting, audit	1,889,795	1,580,892
Stock exchanges, regulatory authority	1,139,544	1,609,512
Société Générale Frankfurt cost charge	456,543	331,007
Advertising	8,531	11,109
Travel expenses, training	284	7,833
Accommodation payment	-	1,494,249
Total	3,494,697	5,034,602

The **income from a profit transfer agreement** in the amount of EUR 51,702 thousand (PY: EUR 64,326 thousand) represents the profit of ALD Lease Finanz GmbH, which is recognized by the Company in the same reporting period on the basis of the profit transfer agreement with ALD Lease Finanz GmbH. The losses incurred by Société Générale Securities Services GmbH in the amount of EUR 11,959 thousand (PY: EUR 12,304 thousand) are recognized by the Company as **expenses for loss absorptions** in the same period on the basis of the profit transfer agreement.

The item of **Interest and similar expense** primarily includes paid and accrued interest in the amount of EUR 3,920 thousand for a loan from Société Générale S.A., Frankfurt Branch.

The Company concluded a profit transfer agreement with Société Générale S.A., Paris, Frankfurt Branch (parent company), effective January 1, 2016, and has been in an integrated tax group relationship for purposes of value-added tax and income tax since that time. Therefore, all taxes accrue at the level of the parent company. The profit/loss after taxes in the amount of EUR 35,843 thousand was completely transferred, resulting in a **financial year profit/loss** of EUR 0 thousand.

There were no other financial commitments at the reporting date.

5. Information on issuance activities

The Company introduced a new issuance procedure to the German market in May 2019. Under the so-called "Security Box" procedure, new products are initially pre-authorized by the settlement and depositary company on the basis of the product prospectuses. However, the transactions are not recorded until the final authorization of the new products at the time of sale by Société Générale S.A., Paris, as the market maker. This information is presented in Table 1 on page 7. In addition, Table 2 on page 8 presents those products for which complete documentation (Final Terms) and International Securities Code are available and that have been pre-authorized, but not yet sold.

Table 1:

			2019 FINANCIAL YEAR				2018 FINANCIAL YEAR			
DERIVATIVE SECURITIES	TYPE	UNDERLYING	NUMBER	VOLUME (IN UNITS)	POSTING VALUE in EUR	LONGEST TERM	NUMBER	VOLUME (IN UNITS)	POSTING VALUE in EUR	LONGEST TERM
Investment products										
With capital protection (100%)	Capital protection certificates	Indices	19	400,000	51,250,000.00	26/11/2026	-	-	-	
	Structured bonds	Stocks	5	27,000	27,007,500.00	27/06/2023	1	6,000	6,000,000.00	26/04/2021
		Indices	2	2,600	2,600,000.00	26/06/2024				
			26	429,600	80,857,500.00		1	6,000	6,000,000.00	
Without capital protection (<100%)	Reverse convertibles	Stocks	9,660	209,751	209,760,481.85	24/12/2021	2,433	19,194	18,676,697.93	25/09/2020
		Indices	493	29,539	29,521,962.19	24/12/2021	60	6,255	6,255,141.58	20/03/2020
				10,153	239,290	239,282,444.04		2,493	25,449	24,931,839.51
	Bonus certificates	Stocks	8,500	4,031,319	215,416,693.66	18/10/2023	16,890	5,995,263	424,464,379.64	15/01/2021
		Indices	3,768	5,580,650	400,268,432.27	26/03/2021	11,622	7,166,301	568,085,778.52	20/10/2021
			12,268	9,611,969	615,685,125.93		28,512	13,161,564	992,550,158.16	
	Discount certificates	Stocks	6,600	7,123,552	283,861,038.26	18/03/2022	15,074	4,418,437	215,188,581.23	17/09/2021
		Indices	2,095	19,549,750	652,790,432.07	15/09/2023	6,686	12,403,753	421,173,181.44	16/09/2022
		Commodities	387	782,000	37,959,250.58	24/08/2020	12	246,530	14,254,685.40	03/05/2019
			9,082	27,455,302	974,610,720.91		21,772	17,068,720	650,616,448.07	
	Express certificates	Stocks	154	2,889,651	727,658,605.87	05/07/2029	175	1,229,437	155,958,335.00	27/12/2024
		Indices	53	2,875,000	322,538,830.00	19/01/2028	36	1,150,244	123,577,188.00	09/07/2025
			207	5,764,651	1,050,197,435.87		211	2,379,681	279,535,523.00	
	Index- / participation certificates	Indices	5	165,000	10,650,000.00	19/05/2023	-	-	-	
			5	165,000	10,650,000.00		-	-	-	
	Outperformance / sprint certificates	Indices	2	45,000	4,500,000.00	29/12/2022	-	-	-	
			2	45,000	4,500,000.00		-	-	-	
TOTAL investment products:			31,743	43,710,812	2,975,783,227		52,989	32,641,414	1,953,633,969	
			2019 FINANCIAL YEAR				2018 FINANCIAL YEAR			
DERIVATIVE SECURITIES	TYPE	UNDERLYING	NUMBER	VOLUME (IN UNITS)	POSTING VALUE in EUR	LONGEST TERM	NUMBER	VOLUME (IN UNITS)	POSTING VALUE in EUR	LONGEST TERM
Leverage products										
With knock-out	Knock-out products	Stocks	57,464	62,662,119	126,777,448.07	25/09/2020	114,576	92,175,651	185,977,593.89	28/06/2019
		Fixed Income	2	11,800	284,578.00		2	16,000	59,844.00	Open End
		Indices	44,378	45,061,627	150,674,729.57	22/01/2021	81,666	66,353,802	276,497,007.22	03/02/2025
		Commodities	22,224	40,953,572	97,199,509.21	25/09/2020	39,261	45,836,372	121,799,857.10	02/01/2020
		Currencies	18,979	15,218,619	38,583,730.95	22/01/2021	25,838	21,899,221	74,536,896.74	27/09/2019
			143,047	163,907,737	413,519,995.80		261,343	226,281,046	658,871,198.95	
Without knock-out	Factor certificates	Stocks	296	12,101,631	102,748,268.99	Open End	9	290,700	503,683.31	03/02/2025
		Indices	190	1,279,400	5,279,040.97	Open End	146	15,682,748	57,124,458.72	03/02/2025
		Commodities	2	108,117	172,828.15	Open End	72	3,600,000	36,000,000.00	Open End
			488	13,489,148	108,200,138.11		227	19,573,448	93,628,142.03	
	Warrants	Stocks	29,216	276,491,014	170,989,744.85	22/12/2023	66,898	312,354,912	144,209,677.26	23/12/2022
		Indices	13,168	84,212,205	86,897,949.29	20/12/2023	18,660	118,065,625	117,331,964.16	23/12/2022
		Commodities	4,815	65,285,900	35,342,500.31	30/12/2022	10,319	53,323,950	20,153,634.00	30/12/2022
		Currencies	7,353	19,546,641	56,988,913.94	22/12/2023	8,634	26,634,770	25,735,285.08	23/12/2022
			54,552	445,535,760	350,219,108.39		104,511	510,379,257	307,430,560.50	
TOTAL leverage products:			198,087	622,932,645	871,939,242		366,081	756,233,751	1,059,929,901	
TOTAL derivative securities:			229,830	666,643,457	3,847,722,469		419,070	788,875,165	3,013,563,870	

Table 2:
Total Issues 2019

			2019 FINANCIAL YEAR	
DERIVATIVE SECURITIES	TYPE	UNDERLYING	NUMBER	LONGEST TERM
Investment products				
With capital protection (100%)	Capital protection certificates	Indices	19	26/11/2026
	Structured bonds	Stocks	5	27/06/2023
		Indices	2	26/06/2024
			26	
Without capital protection (<100%)	Reverse convertibles	Equities	11,877	24/12/2021
		Indices	526	24/12/2021
			12,403	
	Bonus certificates	Equities	21,222	18/10/2023
		Indices	8,821	26/03/2021
			30,043	
	Discount certificates	Equities	16,838	18/03/2022
		Indices	4,660	15/09/2023
		Commodities	387	24/08/2020
			21,885	
Express certificates	Equities	154	05/07/2029	
	Indices	53	19/01/2028	
		207		
Index / participation certificates	Indices		5	19/05/2023
			5	
Outperformance / sprint certificates	Indices		2	29/12/2022
			2	
TOTAL investment products:			64,571	

			2019 FINANCIAL YEAR	
DERIVATIVE SECURITIES	TYPE	UNDERLYING	NUMBER	LONGEST TERM
Leverage products				
With knock-out	Knock-out products	Equities	121,062	25/09/2020
		Fixed Income	2	Open End
		Indices	89,920	22/01/2021
		Commodities	38,117	25/09/2020
		Currencies	30,065	22/01/2021
			279,166	
Without knock-out	Factor certificates	Equities	296	Open End
		Indices	190	Open End
		Commodities	2	Open End
			488	
	Warrants	Equities	50,377	22/12/2023
		Indices	19,553	20/12/2023
		Commodities	6,761	30/12/2022
		Currencies	8,633	22/12/2023
			85,324	
TOTAL leverage products:			364,978	
TOTAL derivative securities:			429,549	

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

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

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

The type, volume, and fair values of the derivative hedging transactions at the reporting date were as follows: The Company held 39,314 OTC options with a market value of EUR 891 million to hedge stock and index warrants, 13,591 OTC options with a market value of EUR 82 million; to hedge foreign currency warrants, 5,282 OTC options with a market value of EUR 288 million to hedge commodities warrants, and 2,742 OTC options with a market value of EUR 54 million to hedge interest rate warrants.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If no observable prices are available for identical assets or liabilities, the fair value of financial in-

struments is determined by the use of another valuation technique under which determining, observable input factors are applied.

In addition, the Company held 23,286 certificates with a market value of EUR 2,139 million, including trust transactions.

The carrying amount of the warrants listed here at December 31, 2019 was EUR 966 million and is presented within the Other Liabilities item in the statement of financial position. The carrying amount of the issued certificates at December 31, 2019 was EUR 5,103 million and is divided between the item of Liabilities from issued certificates and the item of Trust liabilities in the statement of financial position.

6. Material shareholdings

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

Name and registered head office	Percentage of equity held (%)	Equity of the company (EUR'000)	Financial year net profit/loss (EUR'000)
Directly			
ALD Lease Finanz GmbH, Hamburg	100	226,953	- 1)
Société Générale Securities Services GmbH, Unterföhring	100	35,330	- 2)
Indirectly			
ALD AutoLeasing und Dienstleistungs GmbH, Hamburg	43.8	2,327	430
Bank Deutsches Kraftfahrzeug-gewerbe GmbH, Hamburg		405,550	- 3)
- Voting	51	550	
- Non-voting	100	405,000	
BDK Leasing und Service GmbH, Hamburg	100	1,023	- 4)
Nedderfeld 95 Immobilien GmbH & Co. KG, Hamburg	65	3,438	-

1) Profit/loss before profit transfer	EUR'000	51,702
2) Profit/loss before loss absorption	EUR'000	-11,959
3) Profit/loss before profit transfer	EUR'000	47,567
4) Profit/loss before profit transfer	EUR'000	252

7. Disclosures regarding the audit fees recognized as expenses in the 2019 financial year

The fee for the independent auditor recognized as an expense in 2019 amounted to:

- For auditing services:	EUR 143,000
- For other certification services:	EUR -
- For tax advisory services:	EUR -
- For other services:	EUR -

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

8. Disclosures regarding directors and officers and employees

The following individuals were managing directors in the 2019 financial year:

Mr. Helmut Höfer, lawyer (general counsel), Frankfurt am Main
Head of Legal SGCIB Germany & Austria.

Ms. Françoise Esnouf, banker, Frankfurt am Main
Chief Operational Officer SGCIB Germany.

Mr. Rainer Welfens, business economist, Frankfurt am Main (appointment revoked on 11/04/2019)
Chief Financial Officer SGCIB Germany.

Ms. Nurten Erdogan, graduate economist, Frankfurt am Main (appointed on 11/04/2019)
Chief Financial Officer SGCIB Germany.

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

Expenses of EUR 22 thousand were charged to Société Générale Effekten GmbH as compensation for the work of the managing directors in the 2019 financial year.

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

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

Mr. Peter Boesenberg (Chairman)
Mr. Dimitri Brunot
Mr. Marco Maibaum
Mr. Achim Oswald
Mr. Rainer Welfens (appointment revoked on 11/04/2019)
Ms. Nurten Erdogan (appointed on 11/04/2019)
Ms. Heike Stuebban

9. Group affiliation

At the reporting date of December 31, 2019, Société Générale S.A., Frankfurt Branch held a 100% equity interest in Société Générale Effekten GmbH.

The shareholder of Société Générale S.A., Frankfurt branch, is Société Générale S.A., Paris (smallest scope of consolidation within the meaning of Section 285 No. 14a HGB and largest scope of consolidation within the meaning of Section 285 No. 14 HGB). Notice of publication of the consolidated financial statements of Société Générale S.A., Paris, is given in France in the “Bulletin des Annonces Légales et Obligatoires (BALO)” under the heading “Publications Périodiques” (R.C.S: 552 120 222).

The consolidated financial statements are available on the website www.socgen.com.

10. Events after the reporting date

The acquisition of most of the products from the acquisition of Commerzbank’s EMC activities, the UK’s departure from the European Union that took effect on January 31, 2020, and the coronavirus crisis are considered to be events of particular importance according to Section 285 no. 33 HGB. Please refer to the statements made in the Management Report for information on the effects on our business activities.

Frankfurt am Main, April 30, 2020

The Management

Société Générale Effekten GmbH

Françoise Esnouf

Helmut Höfer

Nurten Erdogan

Responsibility Statement of the Legal Representatives

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

Frankfurt am Main, April 30, 2020

The Management

Société Générale Effekten GmbH

Françoise Esnouf

Helmut Höfer

Nurten Erdogan

AUDITOR'S REPORT BY THE INDEPENDENT AUDITOR

To Société Générale Effekten GmbH, Frankfurt am Main

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

Audit opinions

We have audited the annual financial statements of Société Générale Effekten GmbH, Frankfurt am Main - which comprise the balance sheet as at December 31, 2019, the income statement for the financial year from January 1 to December 31, 2019, and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Société Générale Effekten GmbH, Frankfurt am Main, for the financial year from January 1 to December 31, 2019.

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

- the accompanying annual financial statements comply with the requirements of German commercial law applicable to corporations in all material respects and give a true and fair view of the financial position and cash flows of the Company as at December 31, 2019 and its financial performance for the financial year from January 1 to December 31, 2019, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Financial Statements Audit Regulation (EU-APrVO - No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, we declare pursuant to Article 10 (2) letter f) of the

EU Audit Regulation that we have not provided any prohibited non-auditing services according to Article 5 (1) EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

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

Other information

The legal representatives are responsible for the other information. The other information comprises the responsibility statement of the legal representatives on the annual financial statements and the management report pursuant to Section 264 (2) sentence 3 HGB and Section 289 (1) sentence 5 HGB, respectively.

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

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

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

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

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to corporations, and that the annual financial statements give a true and fair view of the financial position, cash flows and financial performance of the Company in compliance with German legally required accounting principles. In addition, the legal representatives are responsible for such internal controls as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to intent or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to a going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

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

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

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

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

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

- Identify and assess the risks of material misstatements in the annual financial statements and management report, whether due to intent or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from violations is higher than for one resulting from error, as "violations" may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.
- Obtain an understanding of the internal control system relevant to the audit of the annual financial statements and arrangements and measures relevant to

the audit of the management report in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the financial position, cash flows and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all

relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as the auditor by the annual general meeting on July 25, 2019. We were engaged by the Management on September 20/27, 2019. We have been the auditor of Société Générale Effekten GmbH, Frankfurt am Main, continually since financial year 2017.

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

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Jutta Ihringer.

Frankfurt am Main, April 30, 2020

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

*[Translator's note:
Seal Deloitte GmbH
and signatures]*

[Signature]	[Signature]
(Marijan Nemet) Wirtschaftsprüfer [German Public Auditor]	(Jutta Ihringer) Wirtschaftsprüfer [German Public Auditor]