

## **Supplemental Listing Document**

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

**6,700,000 European Style Cash Settled Long Certificates relating to  
the ordinary shares of Alibaba Group Holding Limited  
with a Daily Leverage of 5x**

**issued by**

**SG Issuer**

**(Incorporated in Luxembourg with limited liability)**

**unconditionally and irrevocably guaranteed by**

**Société Générale**

---

**Issue Price: S\$1.20 per Certificate**

---

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 17 June 2022 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and

holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products<sup>1</sup> and Specified Investment Products (SIPs)<sup>2</sup>, and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 17 June 2022 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 26 October 2022.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

25 October 2022

---

<sup>1</sup> As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

<sup>2</sup> As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates.

Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

## Table of Contents

	<i>Page</i>
<b>Risk Factors</b>	<b>6</b>
<b>Terms and Conditions of the Certificates</b>	<b>15</b>
<b>Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities</b>	<b>26</b>
<b>Summary of the Issue</b>	<b>40</b>
<b>Information relating to the European Style Cash Settled Long Certificates on Single Equities</b>	<b>42</b>
<b>Information relating to the Company</b>	<b>58</b>
<b>Information relating to the Designated Market Maker</b>	<b>59</b>
<b>Supplemental Information relating to the Issuer</b>	<b>61</b>
<b>Supplemental Information relating to the Guarantor</b>	<b>62</b>
<b>Supplemental General Information</b>	<b>63</b>
<b>Placing and Sale</b>	<b>65</b>
<b>Appendix I</b>	
<b>Appendix II</b>	
<b>Appendix III</b>	

## RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 31 to 35 and the examples and illustrations of adjustments set out in the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section of this document for more information;

- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

- (m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens (including the pre-opening session) the following day or (ii) a sharp intraday fall

in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 51 to 52 of this document for more information;

- (r) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;
- (s) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 37 to 38 of this document for more information;
- (t) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (u) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (v) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the



Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

- (w) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

- (x) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

- (y) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

- (z) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

- (aa) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

- (bb) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited (“CDP”):

- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
- (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant

certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

- (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
- (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

- (cc) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate (“**HIBOR**”) benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

- (dd) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do not provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(ee) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(ff) risk factors relating to the BRRD

*French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.*

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Fund Framework (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national

competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms ("**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among other things, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale).

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.*

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	6,700,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Alibaba Group Holding Limited (the “ <b>Underlying Stock</b> ”)
ISIN:	LU2348860292
Company:	Alibaba Group Holding Limited (RIC: 9988.HK)
Underlying Price <sup>3</sup> and Source:	HK\$63.60 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 1.20
Management Fee (p.a.) <sup>4</sup> :	0.40%
Gap Premium (p.a.) <sup>5</sup> :	5.40%, is a hedging cost against extreme market movements overnight.
Funding Cost <sup>6</sup> :	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost <sup>6</sup> :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	18 October 2022
Closing Date:	25 October 2022
Expected Listing Date:	26 October 2022

<sup>3</sup> These figures are calculated as at, and based on information available to the Issuer on or about 25 October 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 25 October 2022.

<sup>4</sup> Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

<sup>5</sup> Please note that the Gap Premium is calculated on a 360-day basis.

<sup>6</sup> These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 17 October 2023
Expiry Date:	24 October 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	20 October 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	<p>The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.</p>
Cash Settlement Amount:	<p>In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:</p> <p>Closing Level multiplied by the Notional Amount per Certificate</p> <p>Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 42 to 57 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.</p>
Hedging Fee Factor:	<p>In respect of each Certificate, shall be an amount calculated as: Product (for <math>t</math> from 2 to Valuation Date) of <math>(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1) \times (\text{ACT}(t-1;t) \div 360))</math>, where:</p> <p>“<math>t</math>” refers to “<b>Observation Date</b>” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and</p>



ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 42 to 57 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 19 to 25 below.

Initial Exchange Rate<sup>3</sup>: 0.1814

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by

the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

**Air Bag Mechanism:**

The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents an approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 23 to 25 below and the “Description of Air Bag Mechanism” section on pages 48 to 50 of this document for further information of the Air Bag Mechanism.

**Adjustments and Extraordinary Events:**

The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

**Underlying Stock Currency:**

Hong Kong Dollar (“**HKD**”)

**Settlement Currency:**

Singapore Dollar (“**SGD**”)

**Exercise Expenses:**

Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.

**Relevant Stock Exchange for the Certificates:**

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)

**Relevant Stock Exchange for the Underlying Stock:**

HKEX

**Business Day and Exchange Business Day:**

A “**Business Day**” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

An “**Exchange Business Day**” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.

Warrant Agent:	The Central Depository (Pte) Limited (“ <b>CDP</b> ”)
Clearing System:	CDP
Fees and Charges:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p> <p>Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.</p>
Further Information:	Please refer to the website at <a href="http://dlc.socgen.com">dlc.socgen.com</a> for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

### **Specific Definitions relating to the Leverage Strategy**

#### **Description of the Leverage Strategy**

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

### **Leverage Strategy Formula**

<b>LSL<sub>t</sub></b>	<p>means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).</p> <p>Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:</p> <p>On Observation Date(1):</p> $LSL_1 = 1000$ <p>On each subsequent Observation Date(t):</p> $LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$
<b>LR<sub>t-1,t</sub></b>	<p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$
<b>FC<sub>t-1,t</sub></b>	<p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t-1, t)}{\text{DayCountBasisRate}}$
<b>RC<sub>t-1,t</sub></b>	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows :</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left  \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right  \right) \times TC$
<b>TC</b>	<p>means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:</p> <p>0.13%</p> <p>“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.</p>
<b>Leverage</b>	5
<b>S<sub>t</sub></b>	<p>means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.</p>
<b>Rate<sub>t</sub></b>	<p>means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:</p>

$$\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$$

**Rfactor<sub>t</sub>** means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

$$Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$$

where

*Div<sub>t</sub>* is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

**CashRate<sub>t</sub>** means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

**%SpreadLevel<sub>t</sub>** means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel<sub>t</sub>** should be 0%.

**ACT(t-1,t)** ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

**Benchmark  
Fallback**

upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

**Reference Rate  
Event**

means, in respect of the Reference Rate any of the following has occurred or will occur:

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

**Reference Rate  
Cessation**

means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

<b>Administrator/ Benchmark Event</b>	means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.
<b>Reference Rate(s)</b>	means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

**Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)**

<b>Extraordinary Strategy Adjustment for Performance Reasons</b>	If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the <b>Intraday Restrike Date</b> , noted hereafter <b>IRD</b> ), an adjustment (an <b>Extraordinary Strategy Adjustment for Performance Reasons</b> ) shall take place during such Observation Date(t) in accordance with the following provisions.
--	--

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date ( $LSL_{IRD}$ ) should be computed as follows :

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

<b><math>ILSL_{IR(k)}</math></b>	means, in respect of $IR(k)$ , the Intraday Leverage Strategy Level in accordance with the following provisions :
----------------------------------	---

(1) for  $k = 1$  :

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for  $k > 1$  :

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

<b><math>ILR_{IR(k-1),IR(k)}</math></b>	means the Intraday Leveraged Return between $IR(k-1)$ and $IR(k)$ , calculated as follows :
---	---

$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left( \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$$

<b><math>IRC_{IR(k-1),IR(k)}</math></b>	means the Intraday Rebalancing Cost of the Leverage Strategy in respect of $IR(k)$ on a given Intraday Restrike Date, calculated as follows :
---	---

$$IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left( \left| \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right| \right) \times TC$$

**IS<sub>IR(k)</sub>**

means the Underlying Stock Price in respect of IR(k) computed as follows:

(1) for k=0

$$IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$IS_{IR(C)} = S_{IRD}$$

In each case, subject to the adjustments and provisions of the Conditions.

**IR(k)**

For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k<sup>th</sup> Intraday Restrike Event on the relevant Intraday Restrike Date.

**IR(C)**

means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

**n**

means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

**Intraday Restrike Event**

means in respect of an Observation Date(t):

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price **IS<sub>IR(0)</sub>** as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price **IS<sub>IR(k)</sub>** as of such Calculation Time.

**Calculation Time**

means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.

**TimeReferenceOpening**

means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

**TimeReferenceClosing**

means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

**Intraday Restrike Event**

means in respect of an Intraday Restrike Event, the period starting on and



**Observation Period** excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

**Intraday Restrike Event Time** means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

*The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.*

## **TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES**

### **1. Form, Status and Guarantee, Transfer and Title**

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 17 June 2022, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
  - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated

obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;

- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
  - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
    - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
    - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

- (C) the cancellation of the Certificates; and/or
- (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

- (ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):

- (A) ranking:
  - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;
  - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and
  - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg

and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

**“Amounts Due”** means any amounts due by the Issuer under the Certificates.

**“Bail-In Power”** means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

**“MREL”** means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

**“Relevant Resolution Authority”** means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

## 2. Certificate Rights and Exercise Expenses

- (a) **Certificate Rights.** Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left( \frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) **Exercise Expenses.** Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount

to the Certificate Holders in accordance with Condition 4.

- (c) **No Rights.** The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

### 3. **Expiry Date**

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

### 4. **Exercise of Certificates**

- (a) **Exercise.** Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) **Automatic Exercise.** Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) **Settlement.** In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.
- (d) **CDP not liable.** CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) **Business Day.** In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

## 5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

## 6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* **"Potential Adjustment Event"** means any of the following:
  - (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
  - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
  - (iii) an extraordinary dividend;
  - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
  - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (vi) with respect to a Company an event that results in any shareholder rights



pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

- (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;
  - (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
  - (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an

immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.
- (e) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the

circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

- (f) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

## **7. Purchases**

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

## **8. Meetings of Certificate Holders; Modification**

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

## **9. Notices**

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.
- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

## **10. Liquidation**

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

## **11. Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

## **12. Delisting**

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or

amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

### 13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

**“Regulatory Event”** means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer, Société Générale and the Relevant Affiliates, a **“Relevant Entity”**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer’s obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer’s capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

**“Change in law”** means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii)

the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

**“Holding Limit Event”** means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

#### **14. Substitution of the Issuer**

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

#### **15. Governing Law**

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

#### **16. Prescription**

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

#### **17. Contracts (Rights of Third Parties) Act 2001 of Singapore**

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

## SUMMARY OF THE ISSUE

*The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.*

Issuer:	SG Issuer
Company:	Alibaba Group Holding Limited
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	6,700,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 17 June 2022 (the “ <b>Master Instrument</b> ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ <b>Master Warrant Agent Agreement</b> ”) and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to:  Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples



thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.

- Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 26 October 2022.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited  
11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

## INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

### What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

#### **A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry**

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

#### **B) Trading the Certificates before Expiry**

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

### Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
--------------------	---	---------------------------

Daily Fees	=	<b>Daily Management Fee Adjustment</b>
		$1 - \text{Management Fee} \times \text{ACT} (t-1;t) / 360$
		x
		<b>Daily Gap Premium Adjustment</b>
		$1 - \text{Gap Premium} (t-1) \times \text{ACT} (t-1;t) / 360$

### Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	$t^7=0$	x	$t=1$	x	$t=2$	x ...	$t=i$
		Notional Amount		Leverage Strategy daily performance <sup>8</sup> x Daily Fees		Leverage Strategy daily performance x Daily Fees		Leverage Strategy Daily performance x Daily Fees

Value of Certificates	=	$t=0$	x	<b>Product of the daily Leverage Strategy Performance</b>	x	<b>Product of the Daily Fees (Hedging Fee Factor)</b>
		Notional Amount		Leverage Strategy daily performance x Leverage Strategy daily performance		Daily Fees x Daily Fees

Final Value of Certificates	=	$t=0$	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor
		Notional Amount				

### Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

<sup>7</sup> "t" refers to "Observation Date" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

<sup>8</sup> Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

### Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

*The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.*

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Alibaba Group Holding Limited
Expected Listing Date:	<b>03/07/2018</b>
Expiry Date:	<b>18/07/2018</b>
Initial Reference Level:	<b>1,000</b>
Initial Exchange Rate:	<b>1</b>
Final Reference Level:	<b>1,200</b>
Final Exchange Rate:	<b>1</b>
Issue Price:	<b>1.20 SGD</b>
Notional Amount per Certificate:	<b>1.20 SGD</b>
Management Fee (p.a.):	<b>0.40%</b>
Gap Premium (p.a.):	<b>5.40%</b>
Strike Level:	Zero

### Hedging Fee Factor

Hedging Fee Factor on the  $n^{\text{th}}$  Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 5.40\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9850\% \approx 99.9839\%$$

Assuming 2<sup>nd</sup> Underlying Stock Business Day falls 3 Calendar Days after 1<sup>st</sup> Underlying Stock Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t-1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t-1; t)}}{360}\right)$$

$$\text{HFF (2)} = 99.9839\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 5.40\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9839\% \times 99.9967\% \times 99.9550\% \approx 99.9356\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n-1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t-1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t-1; t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7586% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9839%
5/7/2018	99.9678%
6/7/2018	99.9517%
9/7/2018	99.9034%
10/7/2018	99.8873%
11/7/2018	99.8712%
12/7/2018	99.8551%
13/7/2018	99.8390%
16/7/2018	99.7907%
17/7/2018	99.7747%
18/7/2018	99.7586%

### Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

$$= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.7586\%$$

$$= 119.71\%$$

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

$$= 119.71\% \times 1.20 \text{ SGD}$$

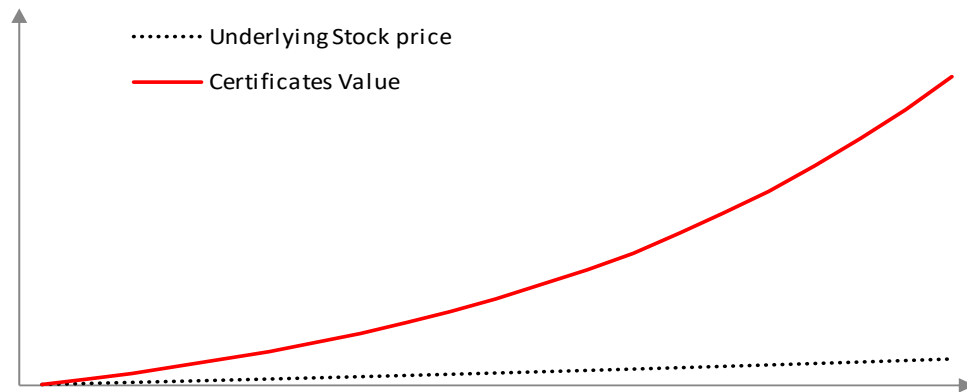
$$= \mathbf{1.437 \text{ SGD}}$$

## Illustration on how returns and losses can occur under different scenarios

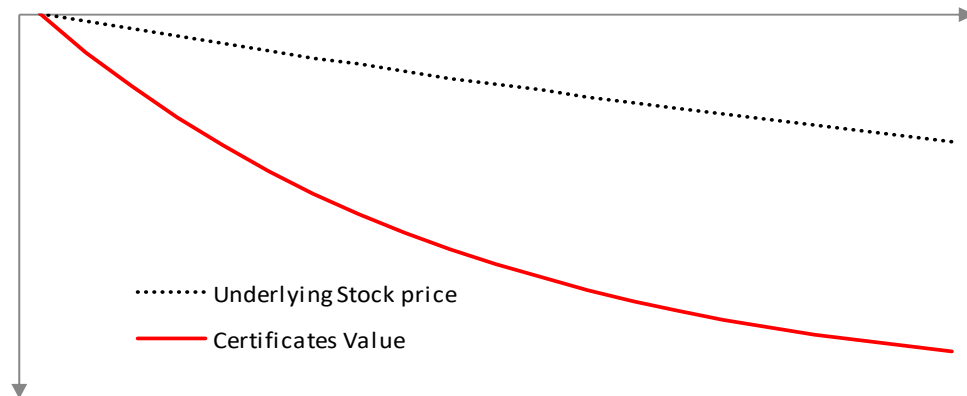
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

### 1. Illustrative examples

#### Scenario 1 – Upward Trend



#### Scenario 2 – Downward Trend



#### Scenario 3 – Volatile Market



## 2. Numerical Examples

### Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	1.2	1.32	1.45	1.60	1.76	1.93
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

### Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	1.2	1.08	0.97	0.87	0.79	0.71
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

### Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	1.2	1.32	1.19	1.31	1.18	1.29
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

## Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

### Air Bag Mechanism timeline

Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
Less than 45 minutes before Market Close and more than 15 minutes before Market Close		Next trading day at Market Open
15 minutes or less than 15 minutes before Market Close	From Air Bag Trigger to Market Close	

With **Market Close** defined as:

- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading





- The later between  $X+30$  minutes or  $Y+15$  minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

## Illustrative examples of the Air Bag Mechanism<sup>9</sup>

### Scenario 1 – Downward Trend after Air Bag trigger



### Scenario 2 – Upward Trend after Air Bag trigger



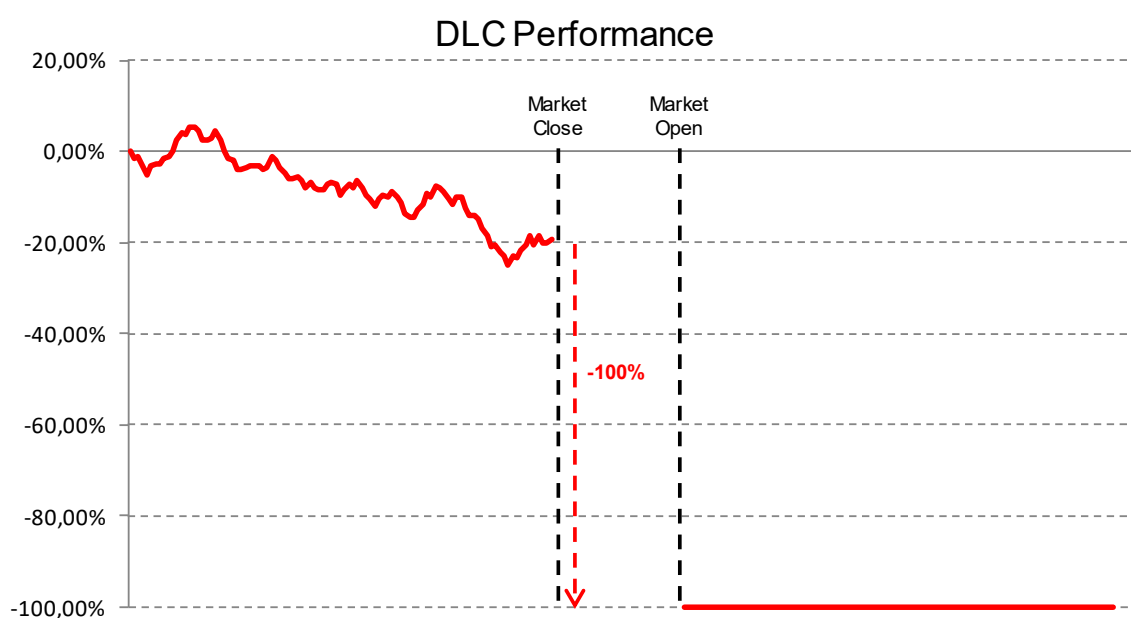
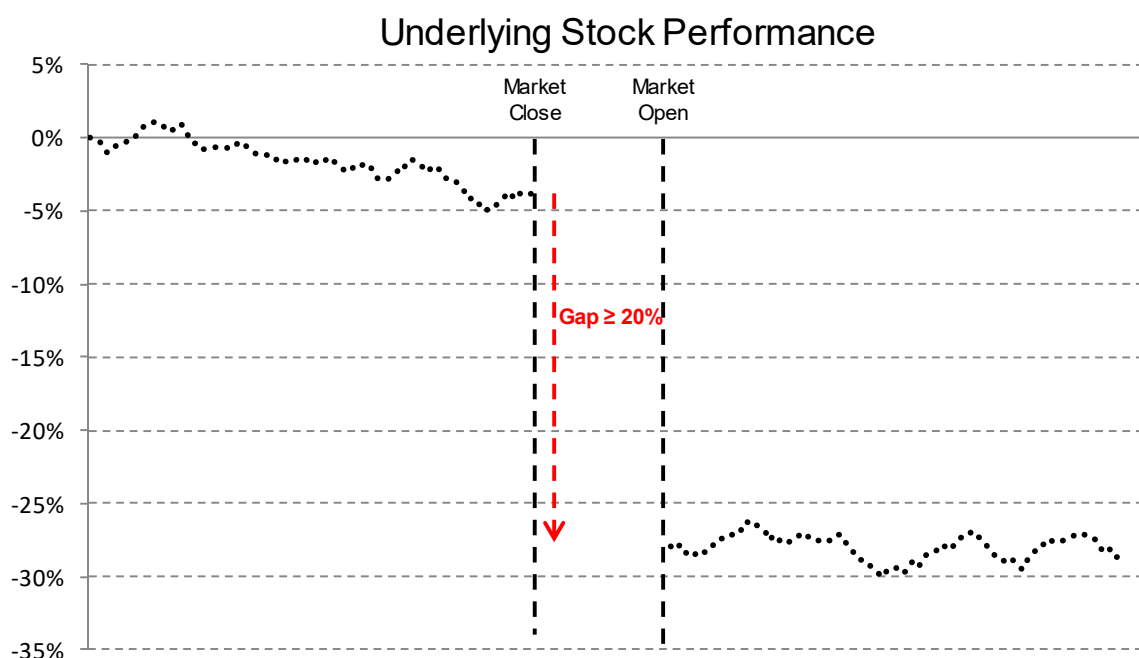
<sup>9</sup> The illustrative examples are not exhaustive.

## Scenarios where the investor may lose the entire value of the investment

*The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.*

### Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens (including the pre-opening session) the following day, and the Certificates would lose their entire value in such event.



### Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



## Examples and illustrations of adjustments due to certain corporate actions

*The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.*

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the  $Rfactor_t$  with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[ 1 - \frac{Div_t + DivExc_t - M \times R}{S_{t-1}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of  $Rfactor_t$  would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$  is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

**M** is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

**R** is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

### 1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.32	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

## 2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{t-1} = \$100$$

$$S_t = \$202$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.26	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

### 3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.50	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

#### 4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{t-1} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

$$M = 0.2 \text{ (i.e. 1 new share for 5 existing shares)}$$

$$Rfactor_t = \left[ 1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.32	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

#### 5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[ 1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$



As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left( \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left( \frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

$S_{t-1}$	$S_{t-1} \times Rfactor_t$	$S_t$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
1.20	1.50	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

## INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <http://www.alibabagroup.com/>. The Issuer has not independently verified any of such information.*

Alibaba Group Holding Limited (the “**Company**”) is a holding company that provides the technology infrastructure and marketing reach to help merchants, brands and other businesses to leverage the power of new technology to engage with users and customers to operate. The Company operates four business segments. The Core Commerce segment provides China retail, China wholesale, International retail, International wholesale, Cainiao logistics services and local consumer services through Taobao Marketplace and Tmall. The Cloud Computing segment provides complete suite of cloud services, including database, storage, network virtualization services, big data analytics and others. The Digital Media and Entertainment segment provides consumer services beyond the core business operations. The Innovation Initiatives and Others segment is to innovate and deliver new services and products.

The information set out in Appendix I of this document relates to the unaudited results of the Company and its subsidiaries for the three months ended 30 June 2022 and has been extracted and reproduced from an announcement by the Company dated 4 August 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

## INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker (“**DMM**”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and  
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (x) if the stock market experiences exceptional price movement and volatility;

- (xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

## **SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER**

The information set out in Appendix II of this document is a reproduction of the Issuer's condensed interim financial statements as at and for the six-month period ended 30 June 2022.

## **SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR**

The information set out in Appendix III of this document is a reproduction of the press release dated 3 August 2022 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2022.

## SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 106 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 30 June 2022, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
  - (a) the Guarantee;
  - (b) the Master Instrument; and
  - (c) the Master Warrant Agent Agreement.

None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
  - (b) the latest financial reports (including the notes thereto) of the Issuer;
  - (c) the latest financial reports (including the notes thereto) of the Guarantor;
  - (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;
  - (e) the Base Listing Document;
  - (f) this document; and
  - (g) the Guarantee.



## **PLACING AND SALE**

### **General**

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

### **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

### **Hong Kong**

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **European Economic Area**

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made

available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

## United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect of Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of

investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

## United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Certificates, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

## **APPENDIX I**

### **REPRODUCTION OF THE UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2022 OF ALIBABA GROUP HOLDING LIMITED AND ITS SUBSIDIARIES**

The information set out below is a reproduction of the unaudited results of the Company and its subsidiaries for the three months ended 30 June 2022 and has been extracted and reproduced from an announcement by the Company dated 4 August 2022 in relation to the same.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

We have one class of shares, and each holder of our shares is entitled to one vote per share. As the Alibaba Partnership’s director nomination rights are categorized as a weighted voting rights structure (the “**WVR structure**”) under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, we are deemed as a company with a WVR structure. Shareholders and prospective investors should be aware of the potential risks of investing in a company with a WVR structure. Our American depositary shares, each representing eight of our shares, are listed on the New York Stock Exchange in the United States under the symbol BABA.



# Alibaba

**Alibaba Group Holding Limited**

**阿里巴巴集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9988)**

## **ANNOUNCEMENT OF THE JUNE QUARTER 2022 RESULTS**

We hereby announce our unaudited results for the three months ended June 30, 2022 (“**June Quarter 2022**”). The June Quarter 2022 unaudited results announcement is available for viewing on the websites of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.alibabagroup.com](http://www.alibabagroup.com).

By order of the Board  
**Alibaba Group Holding Limited**  
**Kevin Jinwei ZHANG**  
*Secretary*

Hong Kong, August 4, 2022

As at the date of this announcement, our board of directors is comprised of Mr. Daniel Yong ZHANG as the chairman, Mr. Joseph C. TSAI, Mr. J. Michael EVANS, Ms. Maggie Wei WU and Mr. Kabir MISRA as directors, and Mr. Chee Hwa TUNG, Mr. Walter Teh Ming KWAI, Mr. Jerry YANG, Ms. Wan Ling MARTELLO, Mr. Weijian SHAN, Ms. Irene Yun-Lien LEE and Mr. Albert Kong Ping NG as independent directors.



## Alibaba Group Announces June Quarter 2022 Results

**Hangzhou, China, August 4, 2022** – Alibaba Group Holding Limited (NYSE: BABA and HKEX: 9988, “Alibaba” or “Alibaba Group”) today announced its financial results for the quarter ended June 30, 2022.

“During the past quarter, we actively adapted to changes in the macro environment and remained focused on our long-term strategy by continuing to strengthen our capability for customer value creation,” said Daniel Zhang, Chairman and Chief Executive Officer of Alibaba Group. “Following a relatively slow April and May, we saw signs of recovery across our businesses in June. We are confident in our growth opportunities in the long term given our high-quality consumer base and the resilience of our diversified business model catering to different demands of our customers.”

“Despite the challenges posed by the COVID-19 resurgence, we delivered stable revenue performance year-over-year. We have narrowed losses in key strategic businesses given ongoing improvements in operating efficiency and increasing focus on cost optimization,” said Toby Xu, Chief Financial Officer of Alibaba Group. “We recently shared our plan to add Hong Kong as another primary listing venue. By becoming primary listed on both Hong Kong and New York stock exchanges, we aim to further expand and diversify our investor base.”

### BUSINESS HIGHLIGHTS

#### In the quarter ended June 30, 2022:

- **Revenue** was RMB205,555 million (US\$30,689 million) and remained stable year-over-year primarily due to a decline in China commerce segment revenue by 1% year-over-year to RMB141,935 million (US\$21,190 million) offset by revenue growth of Cloud segment by 10% year-over-year to RMB17,685 million (US\$2,640 million).
- **Income from operations** was RMB24,943 million (US\$3,724 million), a decrease of 19% year-over-year. **Adjusted EBITA**, a non-GAAP measurement, decreased 18% year-over-year to RMB34,419 million (US\$5,139 million).
- **Net income attributable to ordinary shareholders** was RMB22,739 million (US\$3,395 million) and **net income** was RMB20,298 million (US\$3,030 million). **Non-GAAP net income** was RMB30,252 million (US\$4,517 million), a decrease of 30% year-over-year, mainly due to a decrease in adjusted EBITA and a decrease in share of results of equity method investees.
- **Diluted earnings per ADS** was RMB8.51 (US\$1.27) and **diluted earnings per share** was RMB1.06 (US\$0.16 or HK\$1.24). **Non-GAAP diluted earnings per ADS** was RMB11.73 (US\$1.75), a decrease of 29% year-over-year and **non-GAAP diluted earnings per share** was RMB1.47 (US\$0.22 or HK\$1.72), a decrease of 29% year-over-year.
- **Net cash provided by operating activities** was RMB33,869 million (US\$5,057 million), an increase of 1% compared to RMB33,603 million in the same quarter of 2021. **Free cash flow**, a non-GAAP measurement of liquidity, was RMB22,173 million (US\$3,310 million), an increase of 7% compared to RMB20,683 million in the same quarter of 2021.

## **BUSINESS AND STRATEGIC UPDATES**

### **China Commerce**

China commerce segment mainly includes our China commerce retail businesses such as Taobao, Tmall, Taobao Deals, Taocaicai, Freshippo, Tmall Supermarket, Sun Art, Tmall Global and Alibaba Health, as well as wholesale businesses including 1688.com.

For the quarter ended June 30, 2022, online physical goods GMV generated on Taobao and Tmall, excluding unpaid orders, declined mid-single-digit year-over-year mainly due to impacts from COVID-19 resurgence and restrictions that resulted in supply chain and logistics disruptions in April and most of May. In late May, as logistics capacity normalized, we saw recovering GMV driven by a successful 6.18 Shopping Festival that was strongly supported by our merchants and loyal consumers. The 6.18 Shopping Festival achieved positive paid GMV growth year-over-year and we saw especially strong purchasing demands from our 88VIP members.

Negatively impacted by COVID-19, paid GMV declined for key categories such as fashion & accessories and consumer electronics during the quarter. Nevertheless, we continue to observe increasing consumption in the healthcare category as well as interests-based consumption categories such as pet care, collectibles and outdoor & active gears. Despite near-term challenges, Taobao and Tmall continue to achieve high consumer retention, especially among consumers with higher spending power. 98% of the annual active consumers who each spent over RMB10,000 on Taobao and Tmall in the twelve months ended June 30, 2021 continued to be active in the twelve months ended June 30, 2022. In the twelve months ended June 30, 2022, more than 123 million annual active consumers each spent over RMB10,000 on Taobao and Tmall. As of June 30, 2022, we had 25 million 88VIP members with over RMB57,000 annual average spending per member.

Taobao Deals, our value-for-money platform, continued to enrich product supply and enhance digital consumption experience for consumers in less developed areas. Specifically, Taobao Deals has been helping an expanding base of manufacturers to sell directly to consumers (M2C) on Taobao and Taobao Deals and, in the June quarter, paid GMV of M2C products on Taobao and Taobao Deals grew more than 40% year-over-year. During the quarter, Taobao Deals significantly narrowed losses year-over-year as well as quarter-over-quarter driven by optimizing spending in user acquisition as well as improving average spending of active consumers.

Taocaicai, our business offering consumers next day pick-up service for grocery and fresh goods at neighborhood pick-up points, has rapidly established market presence in regions that have high population density with meaningful consumption power. In the June quarter, Taocaicai GMV grew rapidly at more than 200% year-over-year while its losses increased moderately compared to the same quarter last year. Moreover, driven by optimized pricing strategy, better sourcing capability and lowered operating costs, Taocaicai significantly reduced losses quarter-over-quarter in the June quarter.

During the quarter ended June 30, 2022, our direct sales and others revenue grew 8% year-over-year to RMB64,714 million (US\$9,661 million), primarily driven by strong growth of online purchases of food, grocery and FMCG goods that benefitted Freshippo, Tmall Supermarket and Sun Art, partly offset by softening offline sales due to COVID-19 impacts. The percentage of online sales for Freshippo and Sun Art reached 68% and 36%, respectively, during the quarter. By leveraging our multiple direct sales businesses and on-demand delivery infrastructure, we believe we are well positioned to better serve consumers' increasing demand for on-demand delivery of food, grocery and daily necessities in the future.



## **International Commerce**

### *International Commerce Retail*

Our International commerce retail businesses include Lazada, AliExpress, Trendyol and Daraz. During the June quarter, the combined number of orders of Lazada, AliExpress, Trendyol and Daraz declined by 4% year-over-year, primarily driven by declining orders of AliExpress due to change in the European Union's VAT rules, depreciation of the Euro against the U.S dollar as well as ongoing supply chain and logistics disruptions due to the Russia-Ukraine conflict.

In Southeast Asia, Lazada exhibited healthy order growth of 10% year-over-year during the quarter ended June 30, 2022. Year-over-year order growth decelerated due to shopping activities normalizing back to offline channels with the lifting of COVID-19 restrictions in the region. Lazada has continued to focus on improving operating efficiency, which has resulted in narrowing of losses quarter-over-quarter and year-over-year during the quarter ended June 30, 2022.

During the June quarter, overall orders of Trendyol grew 46% year-over-year. To better serve its significant consumer base, Trendyol has continued to invest and expand into high-frequency local consumer services business. As of June 30, 2022, Trendyol served more than 225 thousand merchants on its marketplace platform.

### *International Commerce Wholesale*

During the June quarter, international commerce wholesale revenue grew 12% year-over-year. Value of transactions completed on Alibaba.com grew 16% year-over-year, driven by solid growth in industrial goods, partly offset by weakening demand of consumer products from sourcing customers in key developed countries challenged by supply chain disruptions and increasing retail channel inventory build-up.

## **Local Consumer Services**

Local consumer services segment includes "To-Home" and "To-Destination" businesses. For the quarter ended June 30, 2022, Local consumer services order volume declined by 5% year-over-year mainly due to declining Ele.me restaurant delivery orders, impacted by COVID-19 resurgence and restrictive measures, partly offset by solid growth of Ele.me non-restaurant delivery orders and strong growth of Amap orders. During the quarter, overall segment GMV declined year-over-year but has improved each month as COVID-19 impacts eased. Overall segment GMV growth turned positive in the month of June 2022.

### *To-Home*

In the quarter ended June 30, 2022, Ele.me continued to focus on improving user retention and operating efficiency in strategic cities as well as increasing growth in non-restaurant delivery services. During the quarter, restaurant order volumes were negatively impacted by COVID-19 resurgence and restrictive measures throughout China, especially in affluent cities such as Shanghai. Ele.me adapted quickly to meet surging demands for daily necessities such as grocery, medicine and baby care products, which resulted in increased basket size. During the quarter ended June 30, 2022, Ele.me's unit economics per order was positive due to increased average order value year-over-year as well as its ongoing focus in optimizing user acquisition spending and reducing delivery cost per order.

### *To-Destination*

In the quarter ended June 30, 2022, "To-Destination" businesses, which include Amap and Fliggy, were also negatively impacted by COVID-19, but Amap saw a strong recovery in June as COVID-19 restrictions eased. In June, the number of average daily active users of Amap reached a new high of over 120 million, driven by easing COVID-19 impacts and ongoing enrichments of local contents and services that allow Amap users to discover, connect with and visit local merchants.

## **Cainiao**

In the quarter ended June 30, 2022, revenue from Cainiao, before inter-segment elimination, grew 7% year-over-year to RMB17,292 million (US\$2,582 million), primarily driven by the growth of fulfillment solutions and value-added services provided to our China commerce retail businesses, partly offset by declining revenue from merchants of our international commerce retail businesses. During the quarter, 70% of Cainiao's total revenue was generated from external customers. Revenue from Cainiao, after inter-segment elimination, grew 5% year-over-year to RMB12,142 million (US\$1,813 million).

Cainiao continues to expand its international logistics network by strengthening its end-to-end logistics capabilities, including eHubs, line-haul, sorting centers and last-mile network. In July 2022, Cainiao commenced operation of a new international sorting center in Israel, bringing the number of overseas sorting centers in operation to ten. Cainiao is also building and investing in capabilities to improve delivery experience for our global consumers and enrich our value proposition to cross-border merchants. For example, during the quarter, we increased smart lockers capacity and made a bolt-on acquisition that enhanced our last mile delivery capability in Europe. As of June 30, 2022, Cainiao had more than 7,700 smart lockers in operation in Europe.

In China, Cainiao continues to expand its value-added services, including door-step parcel delivery service, through Cainiao Post to improve consumer experience, which complements our China commerce businesses. As of June 30, 2022, excluding those in rural areas and universities, approximately 70% of Cainiao Posts offer door-step parcel delivery service to consumers.

## **Cloud**

Our Cloud segment is comprised of Alibaba Cloud and DingTalk. For the quarter ended June 30, 2022, total revenue from our Cloud segment before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB23,938 million (US\$3,574 million). Revenue after inter-segment elimination was RMB17,685 million (US\$2,640 million) for the quarter ended June 30, 2022, an increase of 10% year-over-year. Year-over-year revenue growth of our Cloud segment reflected recovering growth of overall non-Internet industries, driven by financial services, public services, and telecommunication industries, partly offset by decline in revenue from the top Internet customer that has gradually stopped using our overseas cloud services for its international business due to non-product related requirements, online education customers as well as softening demand from other customers in China's Internet industry. For the quarter ended June 30, 2022, after inter-segment elimination, non-Internet industries contributed 53% of Cloud revenue, up more than five percentage points compared to the same quarter last year.

### *Alibaba Cloud*

Alibaba Cloud continues to develop, expand and support our partners to better serve our enterprise customers. During our Cloud Partners Summit in July 2022, we emphasized ecosystem enhancing initiatives, including capability building and training programs as well as reward programs for ecosystem partners, and we expect such initiatives will further increase revenue contribution from ecosystem partners.

Alibaba Cloud's advantages are its proprietary technology and continued commitment to investing in research and development in new product offerings and industry-specific solutions for our customers. Highlights of our proprietary technologies in last quarter include:

### **Data Centers and Hardware:**

- During Alibaba Cloud Summit 2022 (阿里云峰会) in June, Alibaba Cloud unveiled a proprietary cloud infrastructure system designed to power its cloud-native data centers. The new system, Cloud Infrastructure Processing Unit (CIPU), will help Alibaba Cloud deliver performance improvements

in networking, storage, security and computing power by offloading virtualization functions from servers to dedicated hardware. Coupled with the Apsara Cloud operating system, the CIPU system is expected to become the core of our next generation of cloud computing infrastructure.

- Alibaba Cloud is committed to achieving carbon neutrality for Scope 1~3 GHG emissions by 2030. Over the years, we have invested in more energy-efficient server population, improving server utilization and employing cutting-edge technologies to improve energy efficiency of our self-owned IDCs including liquid cooling technology and renewable electricity storage.

#### **Platform-as-a-Service and other solutions:**

- **AI leadership:** According to Gartner's Cloud AI Developer Services Critical Capabilities Report published in May 2022, Alibaba Cloud's AI language technology ranked second among global cloud AI developer service vendors. Alibaba Cloud offers a comprehensive suite of AI-based capabilities, including Natural Language Processing, intelligent voice recognition, image recognition, video recognition, among others.

#### *DingTalk*

DingTalk, our digital collaboration workplace and application development platform, offers new ways of working, sharing and collaboration for modern enterprises and organizations. DingTalk experienced increased usage of its products and services from enterprises, schools and organizations due to greater hybrid-work adoption in China driven by COVID-19 resurgence since March 2022. Specifically, DingTalk saw robust demand for its document sharing and virtual conferencing products, both of which are core DingTalk products that enhance long-term customer value and ensure user stickiness.

#### **Digital Media and Entertainment**

In the June quarter, Youku's daily average paying subscriber base increased 15% year-over-year, primarily driven by quality content and continued contribution from our 88VIP membership program. Youku continues to improve operational efficiency through disciplined investment in content and production capability, which resulted in narrowing of losses year-over-year for five consecutive quarters.

#### **Appointment of Independent Director**

We appointed Irene Yun-Lien Lee, chairman of Hysan Development Company Limited and independent non-executive chairman of Hang Seng Bank Limited, and Albert Kong Ping Ng, former chairman of Ernst & Young China who currently serves as an independent non-executive director of a number of companies publicly listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, as independent directors. Following this appointment, our board consists of twelve directors, including seven independent directors.

#### **Share Repurchases**

During the quarter ended June 30, 2022, we repurchased approximately 38.6 million of our ADSs (the equivalent of approximately 308.7 million of our ordinary shares) for approximately US\$3.5 billion under our share repurchase program. As of June 30, 2022, we had approximately 21.2 billion ordinary shares (the equivalent of approximately 2.6 billion ADSs) outstanding. Our current US\$25 billion share repurchase program is effective through March 2024. As of June 30, 2022, we still have an un-utilized amount of US\$12 billion under this program.

## JUNE QUARTER SUMMARY FINANCIAL RESULTS

	Three months ended June 30,			
	2021	2022		
	RMB	RMB	US\$	YoY % Change
	(in millions, except percentages and per share amounts)			
Revenue	205,740	205,555	30,689	(0)%
Income from operations	30,847	24,943	3,724	(19)%(2)
Operating margin	15%	12%		
Adjusted EBITDA(1)	48,628	41,114	6,138	(15)%(2)
Adjusted EBITDA margin(1)	24%	20%		
Adjusted EBITA(1)	41,731	34,419	5,139	(18)%(2)
Adjusted EBITA margin(1)	20%	17%		
Net income	42,835	20,298	3,030	(53)%(3)
Net income attributable to ordinary shareholders	45,141	22,739	3,395	(50)%(3)
Non-GAAP net income(1)	43,441	30,252	4,517	(30)%(4)
Diluted earnings per share(5)	2.05	1.06	0.16	(48)% (3) (6)
Diluted earnings per ADS(5)	16.38	8.51	1.27	(48)% (3) (6)
Non-GAAP diluted earnings per share(1) (5)	2.08	1.47	0.22	(29)% (4) (6)
Non-GAAP diluted earnings per ADS(1) (5)	16.60	11.73	1.75	(29)% (4) (6)

- (1) See the sections entitled “Non-GAAP Financial Measures” and “Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures” for more information about the non-GAAP measures referred to within this results announcement.
- (2) The year-over-year decreases were primarily due to the decrease in China commerce adjusted EBITA, which was primarily due to a decrease in customer management revenue. Customer management revenue decreased year-over-year, primarily as a result of a mid-single-digit decline year-over-year in online physical goods GMV of Taobao and Tmall, excluding unpaid orders, as well as increased order cancellation due to the impacts from COVID-19 resurgence and restrictions that resulted in supply chain and logistics disruptions in April and most of May. The decrease in China commerce adjusted EBITA was partly offset by the narrowed adjusted EBITA loss of Local consumer services driven by Ele.me’s improved unit economics per order. Ele.me’s unit economics per order was positive during the June quarter due to increased average order value year-over-year as well as its ongoing focus on optimizing user acquisition spending and reducing delivery cost per order.
- (3) The year-over-year decreases were primarily attributable to the decrease in income from operations, the decrease in share of results of equity method investee, as well as the decrease in net gains arising from change in market prices of our equity investments in publicly-traded companies.
- (4) The year-over-year decreases were primarily attributable to the decrease in adjusted EBITA, and the decrease in share of results of equity method investees.
- (5) Each ADS represents eight ordinary shares.
- (6) The year-over-year percentages as stated are calculated based on the exact amount and there may be minor differences from the year-over-year percentages calculated based on the RMB amounts after rounding.

## JUNE QUARTER INFORMATION BY SEGMENTS

The table below sets forth selected financial information of our operating segments for the periods indicated:

Three months ended June 30, 2022									
	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	US\$
	(in millions, except percentages)								
Revenue	141,935	15,451	10,632	12,142	17,685	7,231	479	—	205,555
YoY% change	(1)%	2%	5%	5%	10%	(10)%	(30)%	N/A	(0)%
Income (Loss) from operations	41,035	(2,142)	(5,311)	(811)	(1,304)	(1,215)	(2,518)	(2,791)	24,943
Add: Share-based compensation expense	1,951	557	836	372	1,548	399	411	651	6,725
Add: Amortization of intangible assets	588	18	1,431	254	3	186	211	60	2,751
Adjusted EBITA	43,574	(1,567)	(3,044)	(185)	247	(630)	(1,896)	(2,080)	34,419
Adjusted EBITA YoY% change <sup>(2)</sup>	(14)%	(52)%	36%	(27)%	(27)%	(50)%	(32)%	(27)%	(18)%
Adjusted EBITA margin	31%	(10)%	(29)%	(2)%	1%	(9)%	(396)%	N/A	17%
Three months ended June 30, 2021									
	China commerce	International commerce	Local consumer services	Cainiao	Cloud	Digital media and entertainment	Innovation initiatives and others	Unallocated <sup>(1)</sup>	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(in millions, except percentages)								
Revenue	144,029	15,202	10,099	11,601	16,051	8,073	685	—	205,740
Income (Loss) from operations	47,603	(1,732)	(7,205)	(633)	(1,643)	(1,010)	(1,950)	(2,583)	30,847
Add: Share-based compensation expense	2,383	671	788	212	1,979	383	503	892	7,811
Add: Amortization of intangible assets	836	31	1,647	275	4	208	14	58	3,073
Adjusted EBITA	50,822	(1,030)	(4,770)	(146)	340	(419)	(1,433)	(1,633)	41,731
Adjusted EBITA margin	35%	(7)%	(47)%	(1)%	2%	(5)%	(209)%	N/A	20%

Starting from the quarter ended December 31, 2021, our chief operating decision maker (“CODM”) started to review information under a new reporting structure, and segment reporting has been updated to conform to this change, which also provides greater transparency in our business progress and financial performance. Our updated segments comprise:

- China commerce, which mainly includes our China commerce retail businesses such as Taobao, Tmall, Taobao Deals, Taocaicai, Freshippo, Tmall Supermarket, Sun Art, Tmall Global and Alibaba Health, as well as wholesale business including 1688.com;
- International commerce, which mainly includes our international commerce retail and wholesale businesses such as Lazada, AliExpress, Trendyol, Daraz and Alibaba.com;
- Local consumer services, which mainly includes location-based services, such as Ele.me, Taoxianda, Amap (previously reported under the Innovation initiatives and others segment) and Fliggy;
- Cainiao, which mainly includes our domestic and international one-stop-shop logistics services and supply chain management solutions;
- Cloud, which is comprised of Alibaba Cloud and DingTalk;
- Digital media and entertainment, which is comprised of Youku, Quark, Alibaba Pictures, and other content and distribution platforms, as well as our online games business; and
- Innovation initiatives and others, which includes businesses such as DAMO Academy, Tmall Genie and others.

Comparative figures were reclassified to conform to this presentation.

- (1) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.
- (2) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

## JUNE QUARTER SEGMENT RESULTS

Revenue for the quarter ended June 30, 2022 was RMB205,555 million (US\$30,689 million), stable compared to RMB205,740 million in the same quarter of 2021.

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	Three months ended June 30,					
	2021		2022			
	RMB	% of Revenue	RMB	US\$	% of Revenue	YoY % Change
	(in millions, except percentages)					
China commerce:						
China commerce retail						
- Customer management	80,397	39%	72,263	10,789	35%	(10)%
- Direct sales and others <sup>(1)</sup>	59,708	29%	64,714	9,661	32%	8%
	140,105	68%	136,977	20,450	67%	(2)%
China commerce wholesale	3,924	2%	4,958	740	2%	26%
Total China commerce	144,029	70%	141,935	21,190	69%	(1)%
International commerce:						
International commerce retail	10,800	5%	10,524	1,571	5%	(3)%
International commerce wholesale	4,402	2%	4,927	736	2%	12%
Total International commerce	15,202	7%	15,451	2,307	7%	2%
Local consumer services	10,099	5%	10,632	1,587	5%	5%
Cainiao	11,601	6%	12,142	1,813	6%	5%
Cloud	16,051	8%	17,685	2,640	9%	10%
Digital media and entertainment	8,073	4%	7,231	1,080	4%	(10)%
Innovation initiatives and others	685	0%	479	72	0%	(30)%
Total	205,740	100%	205,555	30,689	100%	(0)%

(1) Direct sales and others revenue under China commerce retail primarily represents our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket and Freshippo, where revenue and the cost of inventory are recorded on a gross basis.

### China Commerce

#### (i) Segment revenue

##### • *China Commerce Retail Business*

Revenue from our China commerce retail business in the quarter ended June 30, 2022 was RMB136,977 million (US\$20,450 million), a decrease of 2% compared to RMB140,105 million in the same quarter of 2021.

Customer management revenue decreased by 10% year-over-year, primarily because online physical goods GMV generated on Taobao and Tmall, excluding unpaid orders, declined mid-single-digit year-over-year, and increased order cancellation due to the impacts from COVID-19 resurgence and restrictions that resulted in supply chain and logistics disruptions in April and most of May.

Direct sales and others revenue under China commerce retail business in the quarter ended June 30, 2022 was RMB64,714 million (US\$9,661 million), an increase of 8% compared to RMB59,708 million in the same quarter of 2021, primarily due to the revenue growth contributed by our Freshippo and Alibaba Health's direct sales businesses.

- ***China Commerce Wholesale Business***

Revenue from our China commerce wholesale business in the quarter ended June 30, 2022 was RMB4,958 million (US\$740 million), an increase of 26% compared to RMB3,924 million in the same quarter of 2021, primarily due to an increase in revenue from new duty-free wholesale business and value-added services to paying members.

**(ii) Segment adjusted EBITA**

China commerce adjusted EBITA decreased by 14% to RMB43,574 million (US\$6,505 million) in the quarter ended June 30, 2022, compared to RMB50,822 million in the same quarter of 2021. The decrease was primarily due to the decrease in customer management revenue, which also led to a decrease in adjusted EBITA margin from 35% in the quarter ended June 30, 2021 to 31% in the quarter ended June 30, 2022. During the quarter ended June 30, 2022, Taobao Deals significantly narrowed losses year-over-year as well as quarter-over-quarter driven by optimizing spending in user acquisition as well as improving average spending of active consumers. Taocaicai significantly reduced losses quarter-over-quarter, driven by optimized pricing strategy, better sourcing capability and lowered operating costs.

**International Commerce**

**(i) Segment revenue**

- ***International Commerce Retail Business***

Revenue from our International commerce retail business in the quarter ended June 30, 2022 was RMB10,524 million (US\$1,571 million), a decrease of 3% compared to RMB10,800 million in the same quarter of 2021. The decrease was primarily due to the declining orders of AliExpress due to change in the European Union's VAT rules, depreciation of Euro against U.S dollar as well as ongoing supply chain and logistics disruptions due to the Russia-Ukraine conflict, partly offset by the increase in revenue contributed by Lazada as a result of GMV growth and active increase in monetarization initiatives that resulted in higher monetarization rate.

- ***International Commerce Wholesale Business***

Revenue from our International commerce wholesale business in the quarter ended June 30, 2022 was RMB4,927 million (US\$736 million), an increase of 12% compared to RMB4,402 million in the same quarter of 2021. The increase was primarily due to an increase in revenue generated by cross-border related value-added services.

**(ii) Segment adjusted EBITA**

International commerce adjusted EBITA was a loss of RMB1,567 million (US\$234 million) in the quarter ended June 30, 2022, compared to a loss of RMB1,030 million in the same quarter of 2021. The increase in loss year-over-year was primarily due to increase in loss of Trendyol resulting from its investments in new businesses, such as international business and local consumer services in Türkiye, offset by the reduced loss from Lazada as a result of revenue growth and enhanced operation efficiency.

**Local Consumer Services**

**(i) Segment revenue**

Revenue from Local consumer services, which includes “To-Home” and “To-Destination” businesses such as Ele.me, Amap and Fliggy, was RMB10,632 million (US\$1,587 million) in the



quarter ended June 30, 2022, an increase of 5% compared to RMB10,099 million in the same quarter of 2021, primarily due to more efficient use of subsidies that were contra revenue of Ele.me.

**(ii) Segment adjusted EBITA**

Local consumer services adjusted EBITA was a loss of RMB3,044 million (US\$454 million) in the quarter ended June 30, 2022, compared to a loss of RMB4,770 million in the same quarter of 2021, primarily due to the continued narrowing of losses from our “To-Home” businesses, driven by Ele.me’s improved unit economics per order. Ele.me’s unit economics per order was positive during the June quarter due to increased average order value year-over-year as well as its ongoing focus on optimizing user acquisition spending and reducing delivery cost per order.

**Cainiao**

**(i) Segment revenue**

Revenue from Cainiao, which represents revenue from its domestic and international one-stop-shop logistics services and supply chain management solutions, after inter-segment elimination, was RMB12,142 million (US\$1,813 million) in the quarter ended June 30, 2022, an increase of 5% compared to RMB11,601 million in the same quarter of 2021, primarily contributed by the increase in revenue from consumer logistics services as a result of service upgrade to enhance consumer experience, partly offset by the decrease in international orders from AliExpress.

Total revenue generated by Cainiao, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB17,292 million (US\$2,582 million), an increase of 7% compared to RMB16,198 million in the same quarter of 2021. This increase also reflected the growth of fulfillment solutions and value-added services provided to our China commerce retail businesses, such as Tmall, Taobao and Taobao Deals.

**(ii) Segment adjusted EBITA**

Cainiao adjusted EBITA was a loss of RMB185 million (US\$28 million) in the quarter ended June 30, 2022, compared to a loss of RMB146 million in the same quarter of 2021. The year-over-year increase in loss was primarily due to our investment in expanding our global smart logistics infrastructure, as well as reduced profit from AliExpress fulfillments.

**Cloud**

**(i) Segment revenue**

Revenue from our Cloud segment, after inter-segment elimination, was RMB17,685 million (US\$2,640 million) in the quarter ended June 30, 2022, an increase of 10% compared to RMB16,051 million in the same quarter of 2021. Year-over-year revenue growth of our Cloud segment reflected recovering growth of overall non-Internet industries, driven by financial services, public services, and telecommunication industries; partly offset by decline in revenue from the top Internet customer that has gradually stopped using our overseas cloud services for its international business due to non-product related requirements, online education customers as well as softening demand from other customers in China’s Internet industry.

Total revenue from our Cloud segment, before inter-segment elimination, which includes revenue from services provided to other Alibaba businesses, was RMB23,938 million (US\$3,574 million), an increase of 8% compared to RMB22,186 million in the same quarter of 2021.

**(ii) Segment adjusted EBITA**

Cloud adjusted EBITA, which comprises Alibaba Cloud and DingTalk, was RMB247 million (US\$37 million) in the quarter ended June 30, 2022, compared to RMB340 million in the same quarter of 2021. The year-over-year decrease was primarily due to our investments in technology and increase in colocation and bandwidth costs as a result of increased usage of DingTalk's products and services from enterprises, schools and organizations due to greater hybrid-work adoption in China driven by COVID-19 resurgence since March 2022.

**Digital Media and Entertainment**

**(i) Segment revenue**

Revenue from our Digital media and entertainment segment in the quarter ended June 30, 2022 was RMB7,231 million (US\$1,080 million), a decrease of 10%, compared to RMB8,073 million in the same quarter of 2021, primarily due to the decrease in revenue from Alibaba Pictures, Youku and other entertainment businesses.

**(ii) Segment adjusted EBITA**

Digital media and entertainment adjusted EBITA in the quarter ended June 30, 2022 was a loss of RMB630 million (US\$94 million), compared to a loss of RMB419 million in the same quarter of 2021. Youku narrowed losses year-over-year, which was offset by the increased loss of other entertainment businesses due to the impacts of COVID-19.

**Innovation Initiatives and Others**

**(i) Segment revenue**

Revenue from Innovation initiatives and others was RMB479 million (US\$72 million) in the quarter ended June 30, 2022, a decrease of 30% compared to RMB685 million in the same quarter of 2021.

**(ii) Segment adjusted EBITA**

Innovation initiatives and others adjusted EBITA in the quarter ended June 30, 2022 was a loss of RMB1,896 million (US\$283 million), compared to a loss of RMB1,433 million in the same quarter of 2021, primarily due to our investments in technology and innovation.

## JUNE QUARTER OTHER FINANCIAL RESULTS

### Costs and Expenses

The following tables set forth a breakdown of our costs and expenses, share-based compensation expense and costs and expenses excluding share-based compensation expense by function for the periods indicated.

	Three months ended June 30,					% of Revenue YoY change
	2021		2022			
	RMB	% of Revenue	RMB	US\$	% of Revenue	
	(in millions, except percentages)					
<b>Costs and expenses:</b>						
Cost of revenue	124,097	60%	129,657	19,357	63%	3%
Product development expenses	13,519	7%	14,193	2,119	7%	0%
Sales and marketing expenses	27,036	13%	25,578	3,819	12%	(1)%
General and administrative expenses	7,168	4%	8,433	1,259	4%	0%
Amortization of intangible assets	3,073	1%	2,751	411	2%	1%
Total costs and expenses	174,893	85%	180,612	26,965	88%	3%
<b>Share-based compensation expense:</b>						
Cost of revenue	1,691	1%	1,613	241	1%	0%
Product development expenses	3,800	2%	2,987	446	2%	0%
Sales and marketing expenses	813	0%	900	134	0%	0%
General and administrative expenses	1,507	1%	1,225	183	0%	(1)%
Total share-based compensation expense	7,811	4%	6,725	1,004	3%	(1)%
<b>Costs and expenses excluding share-based compensation expense:</b>						
Cost of revenue	122,406	59%	128,044	19,116	62%	3%
Product development expenses	9,719	5%	11,206	1,673	5%	0%
Sales and marketing expenses	26,223	13%	24,678	3,685	12%	(1)%
General and administrative expenses	5,661	3%	7,208	1,076	4%	1%
Amortization of intangible assets	3,073	1%	2,751	411	2%	1%
Total costs and expenses excluding share-based compensation expense	167,082	81%	173,887	25,961	85%	4%

**Cost of revenue** – Cost of revenue in the quarter ended June 30, 2022 was RMB129,657 million (US\$19,357 million), or 63% of revenue, compared to RMB124,097 million, or 60% of revenue, in the same quarter of 2021. Without the effect of share-based compensation expense, cost of revenue as a percentage of revenue would have increased from 59% in the quarter ended June 30, 2021 to 62% in the quarter ended June 30, 2022. The increase was primarily attributable to (i) the higher proportion of our direct sales businesses, such as Freshippo and Tmall Supermarket, as well as growth in Alibaba Health direct sales businesses, that resulted in increased cost of inventory as a percentage of revenue, and (ii) the growth of Cainiao domestic businesses that led to an increase in logistics costs as a percentage of revenue, which is partly offset by the reduction in delivery cost per order of Ele.me.

**Product development expenses** – Product development expenses in the quarter ended June 30, 2022 were RMB14,193 million (US\$2,119 million), or 7% of revenue, compared to RMB13,519 million, or 7% of revenue, in the same quarter of 2021. Without the effect of share-based compensation expense, product development expenses as a percentage of revenue would have remained stable at 5% in the quarter ended June 30, 2022 compared to the same quarter of 2021.

**Sales and marketing expenses** – Sales and marketing expenses in the quarter ended June 30, 2022 were RMB25,578 million (US\$3,819 million), or 12% of revenue, compared to RMB27,036 million, or 13% of revenue, in the same quarter of 2021. Without the effect of share-based compensation expense, sales and marketing expenses as a percentage of revenue would have decreased from 13% in the quarter ended June 30, 2021 to 12% in the quarter ended June 30, 2022.

**General and administrative expenses** – General and administrative expenses in the quarter ended June 30, 2022 were RMB8,433 million (US\$1,259 million), or 4% of revenue, compared to RMB7,168 million, or 4% of revenue, in the same quarter of 2021. Without the effect of share-based compensation expense, general and administrative expenses as a percentage of revenue would have increased from 3% in the quarter ended June 30, 2021 to 4% in the quarter ended June 30, 2022.

**Share-based compensation expense** – Total share-based compensation expense included in the cost and expense items above in the quarter ended June 30, 2022 was RMB6,725 million (US\$1,004 million), compared to RMB7,811 million in the same quarter of 2021. Share-based compensation expense as a percentage of revenue decreased to 3% in the quarter ended June 30, 2022, as compared to 4% in the same quarter of 2021.

The following table sets forth our analysis of share-based compensation expense for the quarters indicated by type of share-based awards:

	Three months ended June 30,					% Change  YoY
	2021		2022			
		% of			% of	
	RMB	Revenue	RMB	US\$	Revenue	
	(in millions, except percentages)					
By type of awards:						
Alibaba Group share-based awards <sup>(1)</sup>	6,693	3%	5,615	838	2%	(16)%
Ant Group share-based awards <sup>(2)</sup>	392	0%	25	4	0%	(94)%
Others <sup>(3)</sup>	726	1%	1,085	162	1%	49%
Total share-based compensation expense	7,811	4%	6,725	1,004	3%	(14)%

(1) This represents Alibaba Group share-based awards granted to our employees.

(2) This represents Ant Group share-based awards granted to our employees, which is subject to mark-to-market accounting treatment.

(3) This represents share-based awards of our subsidiaries.

Share-based compensation expense related to Alibaba Group share-based awards decreased in the quarter ended June 30, 2022 compared to the same quarter of 2021. This decrease is primarily due to the general decrease in the average fair market value of the awards granted.

We expect that our share-based compensation expense will continue to be affected by changes in the fair value of the underlying awards and the quantity of awards we grant in the future.

**Amortization of intangible assets** – Amortization of intangible assets in the quarter ended June 30, 2022 was RMB2,751 million (US\$411 million), a decrease of 10% from RMB3,073 million in the same quarter of 2021.

### **Income from operations and operating margin**

Income from operations in the quarter ended June 30, 2022 was RMB24,943 million (US\$3,724 million), or 12% of revenue, a decreased of 19% compared to RMB30,847 million, or 15% of revenue, in the same quarter of 2021, primarily due to decrease in China commerce adjusted EBITA as a result of a decrease in customer management revenue. Customer management revenue decreased year-over-year, primarily as a result of a mid-single-digit decline year-over-year in online physical goods GMV of Taobao and Tmall, excluding unpaid orders, as well as increased order cancellation due to the impacts from COVID-19 resurgence and restrictions that resulted in supply chain and logistics disruptions in April and most of May. The decrease in China commerce adjusted EBITA was partly offset by the narrowed adjusted EBITA loss of Local consumer services driven by Ele.me's improved unit economics per order. Ele.me's unit economics per order was positive during the June quarter due to increased average order value year-over-year as well as its ongoing focus on optimizing user acquisition spending and reducing delivery cost per order.

### **Adjusted EBITDA and Adjusted EBITA**

Adjusted EBITDA decreased 15% year-over-year to RMB41,114 million (US\$6,138 million) in the quarter ended June 30, 2022, compared to RMB48,628 million in the same quarter of 2021. Adjusted EBITA decreased 18% year-over-year to RMB34,419 million (US\$5,139 million) in the quarter ended June 30, 2022, compared to RMB41,731 million in the same quarter of 2021. The year-over-year decrease was primarily due to decrease in China commerce adjusted EBITA, partly offset by the narrowed adjusted EBITA loss of Local consumer services. A reconciliation of net income to adjusted EBITDA and adjusted EBITA is included at the end of this results announcement.

### **Adjusted EBITA and Adjusted EBITA margin by segments**

Adjusted EBITA and adjusted EBITA margin by segments as well as a reconciliation of income from operations to adjusted EBITA are set forth in the section entitled "June Quarter Information by Segments" above.

### **Interest and investment income, net**

Interest and investment income, net in the quarter ended June 30, 2022 was RMB5,369 million (US\$802 million), compared to RMB14,101 million in the same quarter of 2021. The year-over-year decrease was primarily due to the decrease in net gains arising from the change in market prices of our equity investments in publicly-traded companies.

The above-mentioned gains were excluded from our non-GAAP net income.

### **Other income, net**

Other income, net in the quarter ended June 30, 2022 was RMB109 million (US\$16 million), compared to RMB2,157 million in the same quarter of 2021. The year-over-year decrease was primarily due to the net exchange losses arising from exchange rate fluctuation between Renminbi and U.S. dollar in the quarter ended June 30, 2022, compared to net exchange gains in the same quarter last year.

### **Income tax expenses**

Income tax expenses in the quarter ended June 30, 2022 were RMB5,399 million (US\$806 million), compared to RMB9,096 million in the same quarter of 2021.

Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments, as well as the deferred tax effects on basis differences arising from our equity method investees, our effective tax rate would have been 21% in the quarter ended June 30, 2022.

### **Share of results of equity method investees**

We record our share of results of all equity method investees one quarter in arrears. Share of results of equity method investees in the quarter ended June 30, 2022 was a loss of RMB3,480 million (US\$520 million), compared to a profit of RMB6,093 million in the same quarter of 2021. Share of results of equity method investees in the quarter ended June 30, 2022 and the same quarter in the prior year consisted of the following:

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
	(in millions)		
Share of profit (loss) of equity method investees			
- Ant Group	4,494	3,717	555
- Others	2,642	(2,613)	(390)
Impairment loss	—	(3,563)	(532)
Others <sup>(1)</sup>	(1,043)	(1,021)	(153)
Total	6,093	(3,480)	(520)

(1) “Others” mainly include amortization of intangible assets of equity method investees, share-based compensation expense related to share-based awards granted to employees of our equity method investees, as well as gain or loss arising from the dilution of our investments in equity method investees.

### **Net income and Non-GAAP net income**

Our net income in the quarter ended June 30, 2022 was RMB20,298 million (US\$3,030 million), a decrease of 53% compared to RMB42,835 million in the same quarter of 2021. The year-over-year decrease was primarily attributable to the decrease in income from operations, the decrease in share of results of equity method investees, as well as the decrease in net gains arising from the change in market prices of our equity investments in publicly-traded companies.

Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, non-GAAP net income in the quarter ended June 30, 2022 was RMB30,252 million (US\$4,517 million), a decrease of 30% compared to RMB43,441 million in the same quarter of 2021. A reconciliation of net income to non-GAAP net income is included at the end of this results announcement.

### **Net income attributable to ordinary shareholders**

Net income attributable to ordinary shareholders in the quarter ended June 30, 2022 was RMB22,739 million (US\$3,395 million), a decrease of 50% compared to RMB45,141 million in the same quarter of 2021. The year-over-year decrease was primarily attributable to decrease in net income as mentioned above.

### **Diluted earnings per ADS/share and non-GAAP diluted earnings per ADS/share**

Diluted earnings per ADS in the quarter ended June 30, 2022 was RMB8.51 (US\$1.27), compared to RMB16.38 in the same quarter in 2021. Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, non-GAAP diluted earnings per ADS in the quarter ended June 30, 2022 was RMB11.73 (US\$1.75), a decrease of 29% compared to RMB16.60 in the same quarter of 2021.

Diluted earnings per share in the quarter ended June 30, 2022 was RMB1.06 (US\$0.16 or HK\$1.24), compared to RMB2.05 in the same quarter of 2021. Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, non-GAAP diluted earnings per share in the quarter ended June 30, 2022 was RMB1.47 (US\$0.22 or HK\$1.72), a decrease of 29% compared to RMB2.08 in the same quarter of 2021.

A reconciliation of diluted earnings per ADS/share to non-GAAP diluted earnings per ADS/share is included at the end of this results announcement. Each ADS represents eight ordinary shares.

### **Cash, cash equivalents and short-term investments**

As of June 30, 2022, cash, cash equivalents and short-term investments were RMB453,193 million (US\$67,660 million), compared to RMB446,412 million as of March 31, 2022. The increase in cash, cash equivalents and short-term investments during the quarter ended June 30, 2022 was primarily due to free cash flow generated from operations of RMB22,173 million (US\$3,310 million) and net proceeds from bank borrowings of RMB3,978 million (US\$594 million), partly offset by cash used in repurchase of ordinary shares of RMB23,880 million (US\$3,565 million).

### **Net cash from operating activities and free cash flow**

In the quarter ended June 30, 2022, net cash provided by operating activities was RMB33,869 million (US\$5,057 million), an increase of 1% compared to RMB33,603 million in the same quarter of 2021. Free cash flow, a non-GAAP measurement of liquidity, was RMB22,173 million (US\$3,310 million), an increase of 7% compared to RMB20,683 million in the quarter ended June 30, 2021, during which we made a partial payment in the amount of RMB9,114 million of the RMB18,228 million anti-monopoly fine. The year-over-year increase also reflected dividend received from Ant Group of RMB3,945 million (US\$589 million) in the quarter ended June 30, 2022, partly offset by decrease in profit. A reconciliation of net cash provided by operating activities to free cash flow is included at the end of this results announcement.

### **Net cash used in investing activities**

During the quarter ended June 30, 2022, net cash used in investing activities of RMB27,607 million (US\$4,122 million) primarily reflected (i) an increase in short-term investments by RMB14,130 million (US\$2,110 million), (ii) capital expenditures of RMB11,843 million (US\$1,768 million), as well as (iii) cash outflow of RMB4,537 million (US\$677 million) for investment and acquisition activities.

### **Net cash used in financing activities**

During the quarter ended June 30, 2022, net cash used in financing activities of RMB21,022 million (US\$3,139 million) primarily reflected cash used in repurchase of ordinary shares of RMB23,880 million (US\$3,565 million), partly offset by net proceeds from bank borrowings of RMB3,978 million (US\$594 million).

### **Employees**

As of June 30, 2022, we had a total of 245,700 employees, compared to 254,941 as of March 31, 2022.

## WEBCAST AND CONFERENCE CALL INFORMATION

Alibaba Group's management will hold a conference call to discuss the financial results at 7:30 a.m. U.S. Eastern Time (7:30 p.m. Hong Kong Time) on Thursday, August 4, 2022.

All participants must pre-register to join this conference call using the Participant Registration link below:

English: <https://s1.c-conf.com/diamondpass/10023575-aldn42.html>

Chinese: <https://s1.c-conf.com/diamondpass/10023578-d17m2a.html>

Upon registration, each participant will receive details for the conference call, including dial-in numbers, conference call passcode and a unique access PIN. To join the conference, please dial the number provided, enter the passcode followed by your PIN, and you will join the conference.

A live webcast of the earnings conference call can be accessed at

<https://www.alibabagroup.com/en/ir/earnings>. An archived webcast will be available through the same link following the call. A replay of the conference call will be available for one week from the date of the conference (Dial-in number: +1 855 883 1031; English conference PIN 10023575; Chinese conference PIN 10023578).

Please visit Alibaba Group's Investor Relations website at <https://www.alibabagroup.com/en/ir/home> on August 4, 2022 to view the earnings release and accompanying slides prior to the conference call.

## ABOUT ALIBABA GROUP

Alibaba Group's mission is to make it easy to do business anywhere. The company aims to build the future infrastructure of commerce. It envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that lasts for 102 years.

### Investor Relations Contact

Rob Lin  
Investor Relations  
Alibaba Group Holding Limited  
[investor@alibaba-inc.com](mailto:investor@alibaba-inc.com)

### Media Contacts:

Cathy Yan  
[cathy.yan@alibaba-inc.com](mailto:cathy.yan@alibaba-inc.com)

Ivy Ke  
[ivy.ke@alibaba-inc.com](mailto:ivy.ke@alibaba-inc.com)

## EXCHANGE RATE INFORMATION

This results announcement contains translations of certain Renminbi ("RMB") amounts into U.S. dollars ("US\$") and Hong Kong dollars ("HK\$") for the convenience of the reader. Unless otherwise stated, all translations of RMB into US\$ were made at RMB6.6981 to US\$1.00, the exchange rate on June 30, 2022 as set forth in the H.10 statistical release of the Federal Reserve Board, and all translations of RMB into HK\$ were made at RMB0.85519 to HK\$1.00, the middle rate on June 30, 2022 as published by the People's Bank of China. The percentages stated in this announcement are calculated based on the RMB amounts and there may be minor differences due to rounding.



## SAFE HARBOR STATEMENTS

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “aim,” “estimate,” “intend,” “seek,” “plan,” “believe,” “potential,” “continue,” “ongoing,” “target,” “guidance,” “is/are likely to” and similar statements. In addition, statements that are not historical facts, including statements about Alibaba’s strategies and business plans, Alibaba’s beliefs, expectations and guidance regarding the growth of its business and its revenue, the business outlook and quotations from management in this announcement, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in announcements made on the website of the Hong Kong Stock Exchange Limited (the “Hong Kong Stock Exchange”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include but are not limited to the following: Alibaba’s corporate structure, including the VIE structure it uses to operate certain businesses in the PRC, Alibaba’s ability to maintain the trusted status of its ecosystem; risks associated with sustained investments in Alibaba’s businesses; Alibaba’s ability to maintain or grow its revenue or business, including expanding its international and cross border businesses and operations; risks associated with Alibaba’s acquisitions, investments and alliances; uncertainties arising from competition among countries and geopolitical tensions, including protectionist or national security policies; uncertainties and risks associated with a broad range of complex laws and regulations (including in the areas of anti-monopoly and anti-unfair competition, consumer protection, data security and privacy protection and regulation of Internet platforms) in the PRC and globally; cybersecurity risks; fluctuations in general economic and business conditions in China and globally; impacts of the COVID-19 pandemic and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC and announcements on the website of the Hong Kong Stock Exchange. All information provided in this results announcement is as of the date of this results announcement and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

## NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: for our consolidated results, adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For more information on these non-GAAP financial measures, please refer to the table captioned “Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures” in this results announcement.

We believe that adjusted EBITDA, adjusted EBITA, non-GAAP net income and non-GAAP diluted earnings per share/ADS help identify underlying trends in our business that could otherwise be distorted by the effect of certain income or expenses that we include in income from operations, net income and diluted earnings per share/ADS. We believe that these non-GAAP measures provide useful information about our core operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making. We present three different income measures, namely adjusted EBITDA, adjusted EBITA and non-GAAP net income in order to provide more information and greater transparency to investors about our operating results.

We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by our business that can be used for strategic corporate

transactions, including investing in our new business initiatives, making strategic investments and acquisitions and strengthening our balance sheet.

Adjusted EBITDA, adjusted EBITA, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow should not be considered in isolation or construed as an alternative to income from operations, net income, diluted earnings per share/ADS, cash flows or any other measure of performance or as an indicator of our operating performance. These non-GAAP financial measures presented here do not have standardized meanings prescribed by U.S. GAAP and may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data.

**Adjusted EBITDA** represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees (ii) certain non-cash expenses, consisting of share-based compensation expense, amortization of intangible assets and, depreciation and impairment of property and equipment, operating lease cost relating to land use rights, which we do not believe are reflective of our core operating performance during the periods presented.

**Adjusted EBITA** represents net income before (i) interest and investment income, net, interest expense, other income, net, income tax expenses and share of results of equity method investees, (ii) certain non-cash expenses, consisting of share-based compensation expense and amortization of intangible assets, which we do not believe are reflective of our core operating performance during the periods presented.

**Non-GAAP net income** represents net income before share-based compensation expense, amortization of intangible assets, impairment of investments, gain or loss on deemed disposals/disposals/reevaluation of investments and others, as adjusted for the tax effects.

**Non-GAAP diluted earnings per share** represents non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share divided by the weighted average number of shares outstanding during the periods on a diluted basis for computing non-GAAP diluted earnings per share. **Non-GAAP diluted earnings per ADS** represents non-GAAP diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

**Free cash flow** represents net cash provided by operating activities as presented in our consolidated cash flow statement less purchases of property and equipment (excluding acquisition of land use rights and construction in progress relating to office campuses) and intangible assets, as well as adjustments to exclude from net cash provided by operating activities the consumer protection fund deposits from merchants on our marketplaces. We deduct certain items of cash flows from investing activities in order to provide greater transparency into cash flow from our revenue-generating business operations. We exclude “acquisition of land use rights and construction in progress relating to office campuses” because the office campuses are used by us for corporate and administrative purposes and are not directly related to our revenue-generating business operations. We also exclude consumer protection fund deposits from merchants on our marketplaces because these deposits are restricted for the purpose of compensating consumers for claims against merchants.

The table captioned “Reconciliations of Non-GAAP Measures to the Nearest Comparable U.S. GAAP Measures” in this results announcement have more details on the non-GAAP financial measures that are most directly comparable to GAAP financial measures and the related reconciliations between these financial measures.

**ALIBABA GROUP HOLDING LIMITED**  
**UNAUDITED CONSOLIDATED INCOME STATEMENTS**

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
	(in millions, except per share data)		
<b>Revenue</b>	205,740	205,555	30,689
Cost of revenue	(124,097)	(129,657)	(19,357)
Product development expenses	(13,519)	(14,193)	(2,119)
Sales and marketing expenses	(27,036)	(25,578)	(3,819)
General and administrative expenses	(7,168)	(8,433)	(1,259)
Amortization of intangible assets	(3,073)	(2,751)	(411)
<b>Income from operations</b>	30,847	24,943	3,724
Interest and investment income, net	14,101	5,369	802
Interest expense	(1,267)	(1,244)	(186)
Other income, net	2,157	109	16
<b>Income before income tax and share of results of equity method investees</b>	45,838	29,177	4,356
Income tax expenses	(9,096)	(5,399)	(806)
Share of results of equity method investees	6,093	(3,480)	(520)
<b>Net income</b>	42,835	20,298	3,030
Net loss attributable to noncontrolling interests	2,233	2,361	353
Net income attributable to Alibaba Group Holding Limited	45,068	22,659	3,383
Accretion of mezzanine equity	73	80	12
<b>Net income attributable to ordinary shareholders</b>	45,141	22,739	3,395
<b>Earnings per share attributable to ordinary shareholders<sup>(1)</sup></b>			
Basic	2.08	1.07	0.16
Diluted	2.05	1.06	0.16
<b>Earnings per ADS attributable to ordinary shareholders<sup>(1)</sup></b>			
Basic	16.60	8.54	1.27
Diluted	16.38	8.51	1.27
<b>Weighted average number of shares used in calculating earnings per ordinary share (million shares)<sup>(1)</sup></b>			
Basic	21,754	21,299	
Diluted	22,038	21,384	

(1) Each ADS represents eight ordinary shares.

**ALIBABA GROUP HOLDING LIMITED**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

	As of March 31,	As of June 30,	
	2022	2022	
	RMB	RMB	US\$
		(in millions)	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	189,898	176,732	26,385
Short-term investments	256,514	276,461	41,275
Restricted cash and escrow receivables	37,455	39,187	5,851
Equity securities and other investments	8,673	10,090	1,506
Prepayments, receivables and other assets	145,995	142,494	21,274
Total current assets	638,535	644,964	96,291
Equity securities and other investments	223,611	228,801	34,159
Prepayments, receivables and other assets	113,147	111,546	16,653
Investment in equity method investees	219,642	217,981	32,544
Property and equipment, net	171,806	177,812	26,547
Intangible assets, net	59,231	56,733	8,470
Goodwill	269,581	270,531	40,389
<b>Total assets</b>	<b>1,695,553</b>	<b>1,708,368</b>	<b>255,053</b>
<b>Liabilities, Mezzanine Equity and Shareholders' Equity</b>			
Current liabilities:			
Current bank borrowings	8,841	8,858	1,322
Current unsecured senior notes	-	4,691	700
Income tax payable	21,753	17,461	2,607
Accrued expenses, accounts payable and other liabilities	271,460	265,563	39,648
Merchant deposits	14,747	14,187	2,118
Deferred revenue and customer advances	66,983	64,824	9,678
Total current liabilities	383,784	375,584	56,073

**ALIBABA GROUP HOLDING LIMITED**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

	As of March 31,	As of June 30,	
	2022	2022	
	RMB	RMB	US\$
		(in millions)	
Deferred revenue	3,490	3,460	516
Deferred tax liabilities	61,706	62,726	9,365
Non-current bank borrowings	38,244	43,764	6,534
Non-current unsecured senior notes	94,259	94,698	14,138
Other liabilities	31,877	31,806	4,749
<b>Total liabilities</b>	<b>613,360</b>	<b>612,038</b>	<b>91,375</b>
Commitments and contingencies			
Mezzanine equity	9,655	9,257	1,382
Shareholders' equity:			
Ordinary shares	1	1	—
Additional paid-in capital	410,506	405,774	60,581
Treasury shares at cost	(2,221)	—	—
Subscription receivables	(46)	(48)	(7)
Statutory reserves	9,839	10,068	1,503
Accumulated other comprehensive loss	(33,157)	(20,002)	(2,986)
Retained earnings	563,557	567,447	84,717
Total shareholders' equity	948,479	963,240	143,808
Noncontrolling interests	124,059	123,833	18,488
<b>Total equity</b>	<b>1,072,538</b>	<b>1,087,073</b>	<b>162,296</b>
<b>Total liabilities, mezzanine equity and equity</b>	<b>1,695,553</b>	<b>1,708,368</b>	<b>255,053</b>

**ALIBABA GROUP HOLDING LIMITED**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
	(in millions)		
Net cash provided by operating activities	33,603	33,869	5,057
Net cash used in investing activities	(47,775)	(27,607)	(4,122)
Net cash used in financing activities	(11,468)	(21,022)	(3,139)
Effect of exchange rate changes on cash and cash equivalents, restricted cash and escrow receivables	(2,192)	3,326	497
Decrease in cash and cash equivalents, restricted cash and escrow receivables	(27,832)	(11,434)	(1,707)
Cash and cash equivalents, restricted cash and escrow receivables at beginning of period	356,469	227,353	33,943
Cash and cash equivalents, restricted cash and escrow receivables at end of period	328,637	215,919	32,236

# ALIBABA GROUP HOLDING LIMITED

## RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES

The table below sets forth a reconciliation of our net income to adjusted EBITA and adjusted EBITDA for the periods indicated:

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
		(in millions)	
<b>Net income</b>	<b>42,835</b>	<b>20,298</b>	<b>3,030</b>
Adjustments to reconcile net income to adjusted EBITA and adjusted EBITDA:			
Interest and investment income, net	(14,101)	(5,369)	(802)
Interest expense	1,267	1,244	186
Other income, net	(2,157)	(109)	(16)
Income tax expenses	9,096	5,399	806
Share of results of equity method investees	(6,093)	3,480	520
<b>Income from operations</b>	<b>30,847</b>	<b>24,943</b>	<b>3,724</b>
Share-based compensation expense	7,811	6,725	1,004
Amortization of intangible assets	3,073	2,751	411
<b>Adjusted EBITA</b>	<b>41,731</b>	<b>34,419</b>	<b>5,139</b>
Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights	6,897	6,695	999
<b>Adjusted EBITDA</b>	<b>48,628</b>	<b>41,114</b>	<b>6,138</b>

**ALIBABA GROUP HOLDING LIMITED**
**RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES (CONTINUED)**

The table below sets forth a reconciliation of our net income to non-GAAP net income for the periods indicated:

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
	(in millions)		
<b>Net income</b>	<b>42,835</b>	<b>20,298</b>	<b>3,030</b>
Adjustments to reconcile net income to non-GAAP net income:			
Share-based compensation expense	7,811	6,725	1,004
Amortization of intangible assets	3,073	2,751	411
Impairment of investments	397	3,114	465
Gain on deemed disposals/disposals/ revaluation of investments and others	(10,624)	(1,712)	(255)
Tax effects <sup>(1)</sup>	(51)	(924)	(138)
<b>Non-GAAP net income</b>	<b>43,441</b>	<b>30,252</b>	<b>4,517</b>

(1) Tax effects primarily comprises tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments, and others.



**ALIBABA GROUP HOLDING LIMITED**  
**RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S.**  
**GAAP MEASURES (CONTINUED)**

The table below sets forth a reconciliation of our diluted earnings per share/ADS to non-GAAP diluted earnings per share/ADS for the periods indicated:

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
	(in millions, except per share data)		
<b>Net income attributable to ordinary shareholders – basic</b>	<b>45,141</b>	<b>22,739</b>	<b>3,395</b>
Dilution effect on earnings arising from option plans operated by equity method investees and subsidiaries	(2)	-	-
Net income attributable to ordinary shareholders – diluted	45,139	22,739	3,395
Non-GAAP adjustments to net income attributable to ordinary shareholders <sup>(1)</sup>	606	8,616	1,286
<b>Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS</b>	<b>45,745</b>	<b>31,355</b>	<b>4,681</b>
<b>Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares)<sup>(4)</sup></b>	<b>22,038</b>	<b>21,384</b>	
<b>Diluted earnings per share<sup>(2)(4)</sup></b>	<b>2.05</b>	<b>1.06</b>	<b>0.16</b>
<b>Non-GAAP diluted earnings per share<sup>(3)(4)</sup></b>	<b>2.08</b>	<b>1.47</b>	<b>0.22</b>
<b>Diluted earnings per ADS<sup>(2)(4)</sup></b>	<b>16.38</b>	<b>8.51</b>	<b>1.27</b>
<b>Non-GAAP diluted earnings per ADS<sup>(3)(4)</sup></b>	<b>16.60</b>	<b>11.73</b>	<b>1.75</b>

(1) See the table above for the reconciliation of net income to non-GAAP net income for more information of these non-GAAP adjustments.

(2) Diluted earnings per share is derived from net income attributable to ordinary shareholders for computing diluted earnings per share divided by weighted average number of shares on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

(3) Non-GAAP diluted earnings per share is derived from non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share divided by weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjustment to the ordinary share-to-ADS ratio.

(4) Each ADS represents eight ordinary shares.

**ALIBABA GROUP HOLDING LIMITED****RECONCILIATIONS OF NON-GAAP MEASURES TO THE NEAREST COMPARABLE U.S. GAAP MEASURES (CONTINUED)**

The table below sets forth a reconciliation of net cash provided by operating activities to free cash flow for the periods indicated:

	Three months ended June 30,		
	2021	2022	
	RMB	RMB	US\$
		(in millions)	
<b>Net cash provided by operating activities</b>	<b>33,603</b>	<b>33,869</b>	<b>5,057</b>
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(10,897)	(11,110)	(1,659)
Less: Acquisition of intangible assets	(1)	(22)	(4)
Less: Changes in the consumer protection fund deposits	(2,022)	(564)	(84)
<b>Free cash flow</b>	<b>20,683</b>	<b>22,173</b>	<b>3,310</b>

## **APPENDIX II**

### **REPRODUCTION OF THE ISSUER'S CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

The information set out below is a reproduction of the Issuer's condensed interim financial statements as at and for the six-month period ended 30 June 2022.

**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 2022**

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

## Table of contents

As at 30 June 2022

EXECUTIVE BOARD MEMBERS .....	- 1 -
SUPERVISORY BOARD MEMBERS .....	- 2 -
AUDIT COMMITTEE MEMBERS .....	- 3 -
MANAGEMENT AND ADMINISTRATION .....	- 4 -
LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ .....	- 5 -
REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT ....	- 6 -
REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ ON REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS .....	- 12 -
 <b>CONDENSED INTERIM FINANCIAL STATEMENTS</b>	
Interim statement of financial position .....	- 13 -
Interim statement of profit and loss and other comprehensive income .....	- 14 -
Interim statement of changes in equity .....	- 15 -
Interim statement of cash flows .....	- 16 -
<b>NOTE 1 – CORPORATE INFORMATION</b> .....	- 17 -
<b>NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES</b> .....	- 18 -
2.1. Basis of preparation .....	- 18 -
2.2. New accounting standards .....	- 19 -
2.3. Summary of significant accounting policies .....	- 22 -
2.4. CRISIS: COVID-19 AND WAR IN UKRAINE .....	- 31 -
<b>NOTE 3 – CASH AND CASH EQUIVALENTS</b> .....	- 31 -
<b>NOTE 4 – FINANCIAL INSTRUMENTS</b> .....	- 31 -
4.1. Financial assets at fair value through profit or loss .....	- 31 -
4.2. Financial liabilities at fair value through profit or loss .....	- 32 -
4.3. Financial liabilities at amortised cost .....	- 33 -
<b>NOTE 5 – LOANS AND RECEIVABLES</b> .....	- 34 -
<b>NOTE 6 – TAXATION</b> .....	- 34 -
<b>NOTE 7 – SHAREHOLDERS' EQUITY</b> .....	- 34 -
7.1. Share capital and Share premium .....	- 34 -
7.2. Reserves .....	- 35 -
<b>NOTE 8 – COMMISSION INCOME</b> .....	- 35 -
<b>NOTE 9 – OFF-BALANCE SHEET</b> .....	- 35 -

**Table of contents**  
As at 30 June 2022

<b>NOTE 10 – RISK MANAGEMENT</b> .....	- 38 -
10.1. Market risk .....	- 38 -
10.2. Credit risk .....	- 38 -
10.3. Interest rate risk .....	- 39 -
10.4. Liquidity risk .....	- 39 -
10.5. Fair Value measurement .....	- 40 -
10.6. Operational risk .....	- 47 -
<b>NOTE 11 – INFORMATION ON LITIGATIONS</b> .....	- 47 -
<b>NOTE 12 – SUBSEQUENT EVENTS</b> .....	- 47 -

**Executive Board Members**

As at 30 June 2022

**EXECUTIVE BOARD MEMBERS**

**Chairman:**

**Mr Yves CACCLIN**

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

**Members:**

**Mr Thierry BODSON**

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

**Mr François CARALP (since 28 April 2022)**

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

**Mr Alexandre GALLICHE**

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

**Mr Pascal JACOB**

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

**Mr Christian ROUSSON (until 28 April 2022)**

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

**Mr Laurent SIMONET (since 28 April 2022)**

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

**Mr Laurent WEIL (until 28 April 2022)**

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

**Supervisory Board Members**

As at 30 June 2022

**SUPERVISORY BOARD MEMBERS**

**Chairman:**

**Mr Pierre LESCOURRET (until 28 April 2022)**

Employee of Société Générale

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

**Mr Laurent WEIL (member since 28 April 2022 – Chairman since 10 May 2022)**

Employee of Société Générale

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

**Members:**

**Mr Olivier BLANC**

Employee of Société Générale Luxembourg

11, 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 Olivier FREITAS**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg



**Audit Committee Members**

As at 30 June 2022

**AUDIT COMMITTEE MEMBERS**

**Chairman:**

**Mr Gregory CLAUDY**

Independent Director

225A, rue du Burgknapp, B-6717 Heinstert, Belgium

**Members:**

**Mr Olivier BLANC**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Mr Olivier FREITAS**

Employee of Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg

**Management and administration**

As at 30 June 2022

**MANAGEMENT AND ADMINISTRATION**

**Issuer**

SG Issuer

16, boulevard Royal, L-2449 Luxembourg

**Guarantor (if applicable, as specified in the Final Terms)**

Société Générale

29, boulevard Haussmann, F-75009 Paris, France

**Arranger and Dealer**

Société Générale

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

**Security Trustee and Security Agent Trustee**

The Bank of New York Mellon Corporate Trustee Services Limited

One Canada Square, London E14 5AL, United Kingdom

**Collateral Custodian**

The Bank of New York Mellon S.A., Luxembourg Branch

Vertigo Building, Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg

**Collateral Monitoring Agent**

The Bank of New York Mellon London Branch

One Canada Square, London E14 5AL, United Kingdom

**Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent**

Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

**Paying Agents**

Société Générale

29, boulevard Haussmann, F-75009 Paris, France

&

Société Générale, New York Branch

1221, avenue of the Americas, New York NY 10020, United States of America

**Warrant Agent**

Société Générale Luxembourg

11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

**Legal advisers and Réviseur d'entreprises agréé**

As at 30 June 2022

**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**

As at 30 June 2022

**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 2022 to 30 June 2022.

**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 1 June 2022 and (ii) the "Programme d'Emission de Titres de Créance", the Base Prospectus of which has been updated and approved by the CSSF on 13 June 2022. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 27 June 2022.

In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 15 June 2022 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 6 July 2022.

The UK Securities Issuance Program and Swiss Securities Issuance Program were respectively approved by the CSSF on 1 June 2022 and 4 July 2022.

The newly created German Debt Instruments Issuance Program was approved by the CSSF on 8 April 2022.

The state of business of the Company at the closing of the six-month period ended 30 June 2022 is adequately presented in the interim financial statements published hereby.

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

As at 30 June 2022

During the six-month period ended 30 June 2022, 7 223 new Notes were issued (among which 53 new secured Notes) and 1 214 new Warrants were issued<sup>1</sup>. The net profit for the period from 1 January 2022 to 30 June 2022 amounts to KEUR 290.

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. CRISIS: COVID-19 AND WAR IN UKRAINE**

The lifting of the Covid-19-related restrictions in several major economies supports economic activity without, however, excluding the risk of new lockdowns as it has occurred in some geographic areas during the first half-year 2022 (in Hong-Kong for example).

On the other hand, the first semester of 2022 has been strongly impacted, since 24 February, by the war in Ukraine. The conflict, with its human casualties and suffering, has significant economic costs along with considerable uncertainties.

In the euro area, the supply difficulties, the decline in purchasing power with the high inflation expected all through 2022 and the tightening of economic policies are the main bottlenecks constraining growth. If pandemic-related risks have decreased significantly in the short-term, the strong uncertainties related to the war in Ukraine jeopardise these prospects and the scenario of a more pronounced slowdown in 2022 cannot be excluded.

The Executive Board had performed an analysis toward the Company's exposure to the above. The Company, including its going concern, is not directly significantly impacted by the above and the situation will continue to be monitored, including the possible impact of changing micro and macroeconomic conditions.

### **4. 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 to another issuer. As expected by the Executive Board, the 2022 commission income of the Company related to Warrants issuance decreased by more than half compared to previous year.

---

<sup>1</sup> 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.

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

As at 30 June 2022

**5. INFORMATION ON LITIGATIONS**

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

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

**6. SUBSEQUENT EVENTS**

As at 30 June 2022, there was no subsequent event.

**7. CORPORATE GOVERNANCE STATEMENT**

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

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

**7.1. Executive board**

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

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

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

Key tasks of the Executive Board:

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

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

As at 30 June 2022

### **7.2. Supervisory board**

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

### **7.3. Audit committee**

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

An Audit Committee took place on 25 April 2022, during which the financial statements for the financial period ended 31 December 2021 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

### **7.4. Internal audit**

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

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

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

### **7.5. Controls framework**

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

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

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



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

As at 30 June 2022

**7.6. New products committee**

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

**7.7. Service level agreements**

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

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

Luxembourg, 30 September 2022  
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 2022

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 2022. The condensed interim financial statements comprise the interim statement of financial position as at 30 June 2022, 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, 30 September 2022

A handwritten signature in blue ink, appearing to read 'Yves CACCLIN', with a long horizontal flourish extending to the right.

Yves CACCLIN  
Chairman of the Executive Board

A handwritten signature in blue ink, appearing to read 'Thierry BODSON', with a large loop at the start and a horizontal flourish.

Thierry BODSON  
Member of the Executive Board

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

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

### *Introduction*

We have reviewed the accompanying condensed interim financial statements of SG Issuer as at and for the six-month period ended 30 June 2022, which comprise the interim statement of financial position as at 30 June 2022 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.

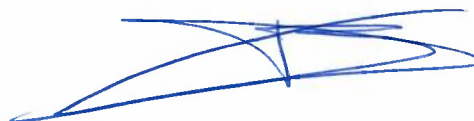
### *Scope of Review*

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, 30 September 2022

**Condensed interim financial statements**

As at 30 June 2022

**Interim statement of financial position**

		('000 EUR)	('000 EUR)
	Note	30.06.2022	31.12.2021
Cash and cash equivalents	3	23 537	36 384
Financial assets at fair value through profit or loss			
- <i>Mandatorily measured at fair value through profit or loss</i>	4.1	38 846 422	40 322 401
- <i>Trading derivatives</i>	4.1	781 375	714 838
Loans and receivables	5	50 001	50 021
Other assets		479 902	497 267
<b>Total assets</b>		<b>40 181 237</b>	<b>41 620 911</b>
Financial liabilities at amortised cost	4.3	58 820	76 412
Financial liabilities at fair value through profit or loss			
- <i>Designated at fair value through profit or loss</i>	4.2	38 846 530	40 323 850
- <i>Trading derivatives</i>	4.2, 10	781 301	714 854
Other liabilities		492 212	503 809
Tax liabilities	6	98	-
<b>Total liabilities</b>		<b>40 178 961</b>	<b>41 618 925</b>
Share capital	7.1	2 000	2 000
Share premium	7.1	-	-
Legal reserve	7.2.1	200	200
Other reserves	7.2.2	(214)	1
Profit for the financial period/year		290	(215)
<b>Total equity</b>		<b>2 276</b>	<b>1 986</b>
<b>Total equity and liabilities</b>		<b>40 181 237</b>	<b>41 620 911</b>



**Condensed interim financial statements (continued)**

As at 30 June 2022

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

	Note	('000 EUR) 1 <sup>st</sup> half of 2022	('000 EUR) 1 <sup>st</sup> half of 2021
Interest income		66	381
Commission income	8	18 456	23 539
Net gains from financial instruments at fair value through profit or loss		127	55
<b>Total revenues</b>		<b>18 649</b>	<b>23 975</b>
Interest expenses		(10 470)	(14 254)
Personnel expenses		(136)	(143)
Other operating expenses		(7 656)	(9 524)
<b>Total expenses</b>		<b>(18 262)</b>	<b>(23 921)</b>
Cost of risk	5	1	3
<b>Profit before tax</b>		<b>388</b>	<b>57</b>
Income tax	6	(98)	(16)
<b>Profit for the financial period</b>		<b>290</b>	<b>41</b>
<b>Total comprehensive income for the period</b>		<b>290</b>	<b>41</b>





## Condensed interim financial statements (continued)

As at 30 June 2022

## 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
<b>As at 31 December 2020</b>	<b>2 000</b>	<b>-</b>	<b>200</b>	<b>0</b>	<b>200</b>	<b>199</b>	<b>2 399</b>
Allocation of the result of the previous year before dividend distribution	-	-	-	199	199	(199)	-
Capital increase / Allocation to the share premium account (Note 7.1)	-	16 926	-	-	-	-	16 926
Dividend paid (Note 7.1)	-	-	-	(199)	(199)	-	(199)
Reimbursement of the share premium (Note 7.1)	-	(16 926)	-	-	-	-	(16 926)
Profit and other comprehensive income for the period from 1 January 2021 to 30 June 2021	-	-	-	-	-	41	41
<b>As at 30 June 2021</b>	<b>2 000</b>	<b>-</b>	<b>200</b>	<b>1*</b>	<b>201</b>	<b>41</b>	<b>2 242</b>
Profit and other comprehensive income for the period from 1 July 2021 to 31 December 2021	-	-	-	-	-	(256)	(256)
<b>As at 31 December 2021</b>	<b>2 000</b>	<b>-</b>	<b>200</b>	<b>1*</b>	<b>201</b>	<b>(215)</b>	<b>1 986</b>
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
<b>As at 30 June 2022</b>	<b>2 000</b>	<b>-</b>	<b>200</b>	<b>(214)</b>	<b>(14)</b>	<b>290</b>	<b>2 276</b>

\* Other reserves as at 31.12.2021 amount to KEUR 1 and relate to the retained earnings which the Company was not able to distribute as a dividend as they were indivisible by the number of shares. Due to rounding in KEUR, this KEUR 1 difference between the 2020 profit and the dividend distribution does not appear in the above table.

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

**Condensed interim financial statements (continued)**

As at 30 June 2022

**Interim statement of cash flows**

	Notes	('000 EUR) 1 <sup>st</sup> half of 2022	('000 EUR) 1 <sup>st</sup> half of 2021
<b>OPERATING ACTIVITIES</b>			
Profit for the financial period		290	41
Net (increase)/decrease in financial assets	4.1	(10 618 051)	(9 598 256)
Net increase/(decrease) in financial liabilities	4.2	10 592 495	9 412 474
(Increase)/decrease in other assets		17 365	524 939
Increase/(decrease) in tax liabilities and other liabilities		(11 499)	(531 015)
Taxes paid	7	-	-
<i>Non cash adjustments :</i>			
Net change in fair value and foreign exchange difference	4.1, 4.2	34 798	193 409
Change in cost of risk	5	(1)	(3)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>15 397</b>	<b>1 589</b>
<b>FINANCING ACTIVITIES</b>			
Payment of capital surplus*	7.1	(28 244)	(16 926)
Dividend paid		-	(199)
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(28 244)</b>	<b>(17 125)</b>
Cash and cash equivalents as at the beginning of the period	3	36 384	44 293
Net increase/(decrease) in cash and cash equivalents		(12 847)	(15 536)
<b>Cash and cash equivalents as at the end of the period</b>		<b>23 537</b>	<b>28 757</b>
<b>Additional information on operational cash flows from interest and dividends</b>			
Interest paid		28 309	17 291
Interest received		66	384
Dividend received		-	-

\* KEUR 28 244 for the period ended 30 June 2022 (and KEUR 16 926 for the year ended 30 June 2021) represent the share premium reimbursed by the Company to the shareholder (refer to Note 7.1).

**Notes to the condensed interim financial statements**  
As at 30 June 2022

**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 50 009 shares, of which 49 909 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.

**Notes to the condensed interim financial statements (continued)**  
As at 30 June 2022

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

**2.1. Basis of preparation**

**2.1.1. Statement of compliance**

The financial statements of the Company as at and for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements as at and for the year ended 31 December 2021 were authorised for issue by the Supervisory Board on 27 April 2022.

The condensed interim financial statements as at and for the six-month period ended 30 June 2022 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 2022 were approved and authorised for issue by the Supervisory Board on 30 September 2022.

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 2021.

**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.



**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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 2022**

**2.2.1.1. Amendments to IAS 37 "provisions, contingent liabilities and contingent assets "onerous contracts - contract execution costs "**

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

These amendments specify the costs to be used in determining the costs of fulfilling a contract when analyzing onerous contracts.

No material impact has been identified as at 30 June 2022.

**2.2.1.2. Amendments to IAS 16 "tangible fixed assets - proceeds before intended use"**

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

These amendments prohibit an entity deducting from the cost of a tangible fixed assets any proceeds from selling items produced while bringing that asset to its location or condition necessary for its operating state. Instead, an entity would recognise the proceeds from selling such items, and the cost of producing those items, in profit or loss.

No material impact has been identified as at 30 June 2022.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

2.2.1.3. Annual IFRS improvements (2018 - 2020 cycle)

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

As part of the annual procedure for improving IFRS, the IASB published minor changes to IFRS 9 "Financial instruments" and IFRS 16 "Leases". The IASB also published minor changes to IFRS 1 "First time adoption of International Financial Reporting Standards" and IAS 41 "Agriculture", which is not applicable to the Group. The amendment on IFRS 9 "Financial instruments" clarifies which fees an entity includes when performing the "10 per cent" test to assess whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

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

No material impact has been identified as at 30 June 2022.

2.2.1.4. IFRS interpretations committee (ifric) decision on ias 38

*Issued by IFRIC on 27 April 2021*

During its 27 April 2021 meeting, the IFRIC reiterated the accounting rules for a customer's costs of configuring or customizing the supplier's application in a 'Software as a Service' (SaaS) arrangement. The Company has not identified any material impact as at 30 June 2022.

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 2022. 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 2022.

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

2023

- Amendments to IAS 1 "Classification of liabilities"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- IFRS 17 "Insurance contracts" and IFRS 9 "Financial Instruments" to the legal entities operating in the insurance sector

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**2.2.2.1. Amendments to IAS 1 "Classification of liabilities"**

*Issued by the IASB on 23 January 2020*

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

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

The new guidance will be effective for annual periods starting on or after 1 January 2022.

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

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

**2.2.2.2. Amendments to IAS 1 "Disclosure of Accounting policies"**

*Adopted by the European Union on 2 March 2022*

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

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

**2.2.2.3. Amendments to IAS 8 "Definition of an Accounting estimate"**

*Adopted by the European Union on 2 March 2022*

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

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

**2.2.2.4. Amendments to IAS 12 "Income tax – Deferred tax for assets and liabilities related to the same transaction"**

*Issued by the IASB on 7 May 2021*

These amendments clarify and narrow the scope of the exemption of not recognize deferred tax during the initial recognition of an 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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

Since the implementation of IFRS 16, the Group has considered rights of use and lease debts as a single transaction. Thus, on the date of first recognition, no deferred tax is recognized, as the value of the deferred tax assets generated offsets the value of the deferred tax liability. The differences due to subsequent variations in the right of use and lease liability lead to the recognition of deferred tax. As such, this amendment has no effect on the Company accounts.

2.2.2.5. Preparation for the first-time application of IFRS 17 “insurance contracts” and of IFRS 9 “Financial instruments” to the legal entities operating in the insurance sector

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

The IFRS 17 standard, will replace the IFRS 4 “Insurance contracts” standard which allows for the recognition of insurance contracts using the methods specified by the local accounting regulation.

At this stage, the Company does not expect any significant impact from this new standard as it does not have insurance activity.

**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
<b>30.06.2022</b>	1.0387	141.54	0.8582	8.1493	0.9960
<b>31.12.2021</b>	1.1326	130.38	0.8403	8.8333	1.0331
<b>30.06.2021</b>	1.1884	131.43	0.8580	9.2293	1.0980

**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).

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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**

Definition of fair value

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

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

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

Fair value hierarchy

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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<sup>th</sup> 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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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

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

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

**Deferred margin related to main unobservable inputs**

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



**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**2.4. CRISIS: COVID-19 AND WAR IN UKRAINE**

The lifting of the Covid-19-related restrictions in several major economies supports economic activity without, however, excluding the risk of new lockdowns as it has occurred in some geographic areas during the first half-year 2022 (in Hong-Kong for example).

On the other hand, the first semester of 2022 has been strongly impacted, since 24 February, by the war in Ukraine. The conflict, with its human casualties and suffering, has significant economic costs along with considerable uncertainties.

In the euro area, the supply difficulties, the decline in purchasing power with the high inflation expected all through 2022 and the tightening of economic policies are the main bottlenecks constraining growth. If pandemic-related risks have decreased significantly in the short-term, the strong uncertainties related to the war in Ukraine jeopardise these prospects and the scenario of a more pronounced slowdown in 2022 cannot be excluded.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents amount to KEUR 23 537 as at 30 June 2022 (31 December 2021: KEUR 36 384) and are mainly composed of cash held with SG Luxembourg and Société Générale.

As at 30 June 2022 and 31 December 2021, 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**

	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>('000 EUR)</b>	<b>('000 EUR)</b>
<b>Financial assets at fair value through profit or loss</b>		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	38 846 422	40 322 401
- Trading derivatives (Options)	781 375	714 838
<b>Total</b>	<b>39 627 797</b>	<b>41 037 239</b>

As at 30 June 2022, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 38 846 422 (31 December 2021: KEUR 40 322 401) 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 2022, Trading derivatives (Options) amount to KEUR 781 375 (31 December 2021: KEUR 714 838) 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 2022, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 39 639 830 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2021: KEUR 34 911 227) and KEUR 3 930 937 for the non-sold Warrants and the corresponding Options (31 December 2021: KEUR 4 573 937) (see Note 4.2).

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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
<b>As at 1 January 2022</b>	<b>40 322 401</b>	<b>714 838</b>	<b>41 037 239</b>
Acquisition	41 825 691	16 941 666	58 767 357
Maturity/Disposal/Liquidation/Cancellation	(29 441 261)	(18 708 024)	(48 149 285)
Change in fair value and foreign exchange difference	(9 131 806)	1 189 895	(7 941 911)
Offsetting of Assets and Liabilities (Change)	(4 728 603)	643 000	(4 085 603)
<b>As at 30 June 2022</b>	<b>38 846 422</b>	<b>781 375</b>	<b>39 627 797</b>

	(‘000 EUR) Mandatorily at fair value through profit or loss	(‘000 EUR) Trading derivatives	(‘000 EUR) Total
<b>As at 1 January 2021</b>	<b>43 135 651</b>	<b>674 352</b>	<b>43 810 003</b>
Acquisition	58 001 584	37 797 100	97 798 684
Maturity/Disposal/Liquidation/Cancellation	(61 564 451)	(43 346 069)	(104 910 520)
Change in fair value and foreign exchange difference	(7 379 336)	(1 161 153)	(8 540 489)
Offsetting of Assets and Liabilities (Change)	8 128 953	4 750 608	12 879 561
<b>As at 31 December 2021</b>	<b>40 322 401</b>	<b>714 838</b>	<b>41 037 239</b>

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

	<b>30.06.2022</b> <b>(‘000 EUR)</b>	<b>31.12.2021</b> <b>(‘000 EUR)</b>
<b>Financial liabilities at fair value through profit or loss</b>		
- Designated at fair value through profit or loss (Notes)	38 846 530	40 323 850
- Trading derivatives (Warrants)	781 301	714 854
<b>Total</b>	<b>39 627 831</b>	<b>41 038 704</b>

As at 30 June 2022, the Company has issued secured and unsecured Notes for a total amount of KEUR 38 846 530 (31 December 2021: KEUR 40 323 850):

- 21 742 unsecured Notes were issued (stock) for a total amount of KEUR 31 034 524 (31 December 2021: 21 230 unsecured Notes were issued (stock) for a total amount of KEUR 33 959 581);
- 577 secured Notes were issued (stock) for a total amount of KEUR 7 812 006 (31 December 2021: 592 secured Notes were issued (stock) for a total amount of KEUR 6 364 269).

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.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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 2022, securities deposited at BNY Mellon Luxembourg as collateral for secured issuances amount to KEUR 5 349 370 (31 December 2021: KEUR 4 836 039).

As at 30 June 2022, the Company also issued Warrants for a total amount of KEUR 781 301 (31 December 2021: KEUR 714 854). Refer to Note 9 for further details on Off-balance sheet items related to the Warrants activity.

As at 30 June 2022, the impact of the offsetting (decrease in the balance sheet) is KEUR 39 639 830 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2021: KEUR 34 911 227) and KEUR 3 930 937 for the non-sold Warrants and the corresponding Options (31 December 2021: KEUR 4 573 937) (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
<b>As at 1 January 2022</b>	<b>40 323 850</b>	<b>714 854</b>	<b>41 038 704</b>
Acquisition	41 842 971	16 997 129	58 840 100
Cancelled/Liquidation/Maturity Disposal	(29 504 186)	(18 754 071)	(48 258 257)
Change in fair value and foreign exchange difference	(9 087 502)	1 180 389	(7 907 113)
Offsetting of Assets and Liabilities (Change)	(4 728 603)	643 000	(4 085 603)
<b>As at 30 June 2022</b>	<b>38 846 530</b>	<b>781 301</b>	<b>39 627 831</b>
	(‘000 EUR) Designated at fair value through profit or loss	(‘000 EUR) Trading derivatives	(‘000 EUR) Total
<b>As at 1 January 2021</b>	<b>43 146 652</b>	<b>676 965</b>	<b>43 823 617</b>
Acquisition	58 009 740	38 802 115	97 811 855
Cancelled/Liquidation/Maturity Disposal	(61 547 326)	(43 355 236)	(104 902 562)
Change in fair value and foreign exchange difference	(7 414 169)	(1 159 598)	(8 573 767)
Offsetting of Assets and Liabilities (Change)	8 128 953	4 750 608	12 879 561
<b>As at 31 December 2021</b>	<b>40 323 850</b>	<b>714 854</b>	<b>41 038 704</b>

**4.3. Financial liabilities at amortised cost**

As at 30 June 2022 and 31 December 2021, 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 2023. 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 0.065% (total rate of (0.41)% as at 30 June 2022) 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 2022

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 2022 and 31 December 2021, 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 2021, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR (1). As at 30 June 2022, 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 2022 is 24.94% (30 June 2021: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the period ended 30 June 2022, tax expenses amount to KEUR 98 (30 June 2021: KEUR 16).

**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 2021, the subscribed and fully paid share capital amounted to EUR 2 000 320, divided into 50 008 shares with nominal value of EUR 40 each.

By resolution adopted on 14 January 2022, the Executive Board decided to increase the capital of the Company from EUR 2 000 320 to EUR 2 000 360 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 2021 activity related interests amounting to KEUR 28 244 have been allocated to the Share premium. It was then paid to the shareholders in June 2022.

As at 30 June 2022, the subscribed and fully paid share capital is EUR 2 000 360, divided into 50 009 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.



**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**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 2022, the legal reserve amounts to KEUR 200 (31 December 2021: KEUR 200).

**7.2.2. Other reserves**

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

As at 30 June 2022, the amount of other reserves amounts to KEUR (214) (31 December 2021: KEUR 1) and is mainly composed of the loss brought forward of KEUR (215) generated during the year ending as at 31 December 2021.

**NOTE 8 – COMMISSION INCOME**

Commission income can be broken down as follows:

	<b>30.06.2022</b> <b>(‘000 EUR)</b>	<b>30.06.2021</b> <b>(‘000 EUR)</b>
Issuing upfront fees on Notes	14 367	17 601
Servicing fees on Notes	3 484	4 468
Commission on Warrants	605	1 470
<b>Total</b>	<b>18 456</b>	<b>23 539</b>

As at 30 June 2022, KEUR 3 956 are retained as deferred income under the caption “other liabilities” (30 June 2021 : KEUR 5 836).

**NOTE 9 – OFF-BALANCE SHEET**

As at 30 June 2022, financial instruments to be issued (commitment taken before 30 June 2022 with value date after 30 June 2022) amount to KEUR 4 810 392 (31 December 2021: KEUR 3 302 045).

## Notes to the condensed interim financial statements (continued)

As at 30 June 2022

## Warrants issuance summary

The Warrants issued as at 30 June 2022 and 31 December 2021 break down as follows:

Warrant Type	Category of Underlying	Type of Underlying	Option Type	30 June 2022			31 December 2021		
				Quantity	Notional ('000 EUR)	Fair Value ('000 EUR)	Quantity	Notional ('000 EUR)	Fair Value ('000 EUR)
Basket Warrant	Basket	Index	Call	-	-	-	1	12 361	14 230
Commodity Future Warrant	Future	Mutual Fund	Put	-	-	-	-	-	-
		Commodity Future	Call	-	-	-	4	10 118	15
			Put	1	1 860	7 520	12	19 243	6 755
Commodity Warrant	Commodity	Bruts	Call	6	515 683	0	6	472 930	0
		Commodity Future	Call	-	-	-	-	-	-
		Index	Call	-	-	-	-	-	-
		Mutual Fund	Call	3	7 112	0	11	19 085	2
			Put	12	25 642	0	15	27 211	0
		Precious metals	Call	-	-	-	-	-	-
			Put	10	27 061	0	10	24 817	0
Currency Warrant	Currency	Currency	Call	-	-	-	42	0	0
			Put	-	-	-	48	117 867	0
Equity Warrant	Equity	American Depositary Receipt	Call	3	30 134	1	3	27 636	51
			Put	-	-	-	-	-	-
		Mutual fund	Call	3	95 787	63	4	119 231	25
		Ordinary Share	Call	1 055	13 215 186	43 775	1 247	20 296 419	147 944
			Put	350	3 438 645	5 568	411	4 902 718	27 245
		Own Share	Call	4	22 850	35	4	22 850	322
			Put	1	750	0	1	750	0
		Preference	Call	-	-	-	-	-	-
			Put	1	1 500	0	1	1 500	0

## Notes to the condensed interim financial statements (continued)

As at 30 June 2022

				30 June 2022			31 December 2021			
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	4	89 083	30	5	124 066	48	
			Put	2	1 381	11	2	1 309	9	
Index Warrant	Index	Index	Call	392	13 618 599	705 234	301	11 226 503	458 857	
			Put	199	8 549 746	13 440	200	11 032 836	44 857	
Fund Warrant	Fund	Mutual Fund	Call	71	408 287	3 153	121	492 810	11 653	
			Put	-	-	-	-	-	-	
		Fund	Call	1	10 000	2 471	1	10 000	2 841	
Total Call			Call	1 542	28 012 721	754 762	1 750	32 834 009	635 988	
Total Put			Put	576	12 046 585	26 539	700	16 128 251	78 866	
Total Warrants					2 118	40 059 306	781 301	2 450	48 962 260	714 854

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**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 2022 and 31 December 2021, no financial assets were past due. An Expected Credit Loss is calculated on deposits, amounting to KEUR 2 as of 30 June 2022 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 2022, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**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 2022, analysis per remaining maturities is as follows:

<b>30.06.2022 - EUR' 000</b>	<b>&lt; 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Cash and cash equivalents	23 537	-	-	-	<b>23 537</b>
<b>Financial assets at fair value through profit or loss</b>					
- Mandatorily at fair value through profit or loss	2 792 188	6 187 806	14 216 849	15 649 579	<b>38 846 422</b>
- Trading derivatives	666 289	48 327	66 759	0	<b>781 375</b>
Loans and receivables	-	48 201	800	1 000	<b>50 001</b>
Other assets	479 902	-	-	-	<b>479 902</b>
<b>Total assets</b>	<b>3 961 916</b>	<b>6 284 334</b>	<b>14 284 408</b>	<b>15 650 579</b>	<b>40 181 237</b>
<b>Financial liabilities at amortised cost</b>	582	58 238	-	-	<b>58 820</b>
<b>Financial liabilities at fair value through profit or loss</b>					
- Designated at fair value through profit or loss	2 791 132	6 188 549	14 217 423	15 649 426	<b>38 846 530</b>
- Trading derivatives	666 305	48 270	66 726	0	<b>781 301</b>
Other liabilities	492 212	-	-	-	<b>492 212</b>
Tax liabilities	-	98	-	-	<b>98</b>
<b>Total liabilities</b>	<b>3 950 231</b>	<b>6 295 155</b>	<b>14 284 149</b>	<b>15 649 426</b>	<b>40 178 961</b>

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

As at 31 December 2021, analysis per remaining maturities is as follows:

<b>31.12.2021 - EUR' 000</b>	<b>&lt; 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Cash and cash equivalents	36 384	-	-	-	36 384
<b>Financial assets at fair value through profit or loss</b>					
- <i>Mandatorily at fair value through profit or loss</i>	4 962 258	5 330 466	14 553 618	15 476 059	40 322 401
- <i>Trading derivatives</i>	446 656	137 616	129 885	681	714 838
Loans and receivables	48 021	200	800	1 000	50 021
Other assets	497 267	-	-	-	497 267
<b>Total assets</b>	<b>5 990 586</b>	<b>5 468 282</b>	<b>14 684 303</b>	<b>15 477 740</b>	<b>41 620 911</b>
<b>Financial liabilities at amortised cost</b>	48 152	28 260	-	-	76 412
<b>Financial liabilities at fair value through profit or loss</b>					
- <i>Designated at fair value through profit or loss</i>	4 960 778	5 330 013	14 557 368	15 475 691	40 323 850
- <i>Trading derivatives</i>	446 143	137 603	130 427	681	714 854
Other liabilities	503 809	-	-	-	503 809
Tax liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>5 958 882</b>	<b>5 495 876</b>	<b>14 687 795</b>	<b>15 476 372</b>	<b>41 618 925</b>

**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 sensitivities depend on each parameter.

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

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

10.5.1. Estimates of Level 3 instruments and other most significant unobservable inputs as at 30 June 2022 (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	19 022	19 021	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% ; 20.1%]
					Unobservable correlations	[-80% ; 99.6%]
					Hedge funds volatilities	[7.6% ; 20.0%]
					Mutual fund volatilities	[1.7% ; 34.6%]
Rates, Forex and others	3 666	3 666	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-33.55% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[0.0% ; 51.0%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayment modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Inflation correlations	[55.0% ; 88.90%]
			Collateralised Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations Recovery rate variance for single name underlyings	[0% ; 100%] [0% ; 100%]
Credit	3 116	3 116	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	-	-	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	NA NA
<b>Total</b>	<b>25 804</b>	<b>25 803</b>				

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

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

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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

	Carrying amount	Fair value
<b>30.06.2022 - EUR' 000</b>		
<b>Cash and cash equivalents</b>	23 537	23 537
<b>Financial assets at fair value through profit or loss</b>		
- <i>Mandatorily at fair value through profit or loss</i>	38 846 422	38 846 422
- <i>Trading derivatives</i>	781 375	781 375
Loans and receivables *	50 001	49 852
Other assets	479 902	479 902
<b>Total</b>	<b>40 181 237</b>	<b>40 181 088</b>
Financial liabilities at amortised cost *	58 820	58 837
<b>Financial liabilities at fair value through profit or loss</b>		
- <i>Designated at fair value through profit or loss</i>	38 846 530	38 846 530
- <i>Trading derivatives</i>	781 301	781 301
Other liabilities	492 212	492 212
Tax liabilities	98	98
<b>Total</b>	<b>40 178 961</b>	<b>40 178 978</b>
<b>31.12.2021 - EUR' 000</b>		
<b>Cash and cash equivalents</b>	36 384	36 384
<b>Financial assets at fair value through profit or loss</b>		
- <i>Mandatorily at fair value through profit or loss</i>	40 322 401	40 322 401
- <i>Trading derivatives</i>	714 838	714 838
Loans and receivables *	50 021	50 141
Other assets	497 267	497 267
<b>Total assets</b>	<b>41 620 911</b>	<b>41 621 031</b>
Financial liabilities at amortised cost *	76 412	76 456
<b>Financial liabilities at fair value through profit or loss</b>		
- <i>Designated at fair value through profit or loss</i>	40 323 850	40 323 850
- <i>Trading derivatives</i>	714 854	714 854
Other liabilities	503 809	503 809
Tax liabilities	-	-
<b>Total</b>	<b>41 618 925</b>	<b>41 618 969</b>

\* 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 2022

## 10.5.3. The fair value hierarchy of IFRS 13

As at 30 June 2022, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

<b>30.06.2022 - EUR' 000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Financial assets at fair value through profit or loss</i></b>				
<b>- <i>Mandatorily at fair value through profit or loss</i></b>	<b>-</b>	<b>13 710 494</b>	<b>25 135 928</b>	<b>38 846 422</b>
<i>Commodities instruments</i>	-	39 689	-	39 689
<i>Credit derivatives/securities</i>	-	675 722	2 868 765	3 544 487
<i>Equity and index securities</i>	-	10 407 738	18 368 228	28 775 966
<i>Foreign exchange instruments/securities</i>	-	568 094	267 158	835 252
<i>Interest rate instruments/securities</i>	-	1 811 160	3 399 126	5 210 286
<i>Other financial instruments</i>	-	208 091	232 651	440 742
<b>- <i>Trading derivatives</i></b>	<b>-</b>	<b>112 666</b>	<b>668 709</b>	<b>781 375</b>
<i>Equity and Index instruments</i>	-	112 398	654 211	766 609
<i>Foreign exchange instruments / securities</i>	-	-	-	-
<i>Other financial instruments</i>	-	268	14 498	14 766
<b><i>Financial liabilities at fair value through profit or loss</i></b>				
<b>- <i>Designated at fair value through profit or loss</i></b>	<b>-</b>	<b>13 712 116</b>	<b>25 134 414</b>	<b>38 846 530</b>
<i>Commodities instruments</i>	-	39 689	-	39 689
<i>Credit derivatives/securities</i>	-	675 178	2 868 743	3 543 921
<i>Equity and index securities</i>	-	10 409 760	18 366 684	28 776 444
<i>Foreign exchange instruments / securities</i>	-	568 392	267 211	835 603
<i>Interest rate instruments/securities</i>	-	1 811 219	3 399 126	5 210 345
<i>Other financial instruments</i>	-	207 878	232 650	440 528
<b>- <i>Trading derivatives</i></b>	<b>-</b>	<b>112 592</b>	<b>668 709</b>	<b>781 301</b>
<i>Equity and Index instruments</i>	-	112 325	654 211	766 536
<i>Foreign exchange instruments / securities</i>	-	-	-	-
<i>Other financial instruments</i>	-	267	14 498	14 765

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

As at 31 December 2021, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

<b>31.12.2021 - EUR' 000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b><i>Financial assets at fair value through profit or loss</i></b>				
<b>- <i>Mandatorily at fair value through profit or loss</i></b>	<b>-</b>	<b>16 020 681</b>	<b>24 301 720</b>	<b>40 322 401</b>
<i>Commodities instruments</i>	-	26 454	217	26 671
<i>Credit derivatives/securities</i>	-	697 098	3 251 872	3 948 970
<i>Equity and index securities</i>	-	12 016 561	16 759 072	28 775 633
<i>Foreign exchange instruments/securities</i>	-	1 834 388	278 068	2 112 456
<i>Interest rate instruments/securities</i>	-	1 240 393	3 739 272	4 975 665
<i>Other financial instruments</i>	-	205 787	273 219	479 006
<b>- <i>Trading derivatives</i></b>	<b>-</b>	<b>288 790</b>	<b>426 048</b>	<b>714 838</b>
<i>Equity and Index instruments</i>	-	273 342	404 530	677 872
<i>Foreign exchange instruments / securities</i>	-	-	-	-
<i>Other financial instruments</i>	-	15 448	21 518	36 966
<b><i>Financial liabilities at fair value through profit or loss</i></b>				
<b>- <i>Designated at fair value through profit or loss</i></b>	<b>-</b>	<b>16 021 886</b>	<b>24 301 964</b>	<b>40 323 850</b>
<i>Commodities instruments</i>	-	26 454	217	26 671
<i>Credit derivatives/securities</i>	-	697 094	3 251 908	3 949 002
<i>Equity and index securities</i>	-	12 016 515	16 759 108	28 775 623
<i>Foreign exchange instruments/securities</i>	-	1 834 393	278 240	2 112 633
<i>Interest rate instruments/securities</i>	-	1 241 541	3 739 272	4 980 813
<i>Other financial instrument</i>	-	205 889	273 219	479 108
<b>- <i>Trading derivatives</i></b>	<b>-</b>	<b>290 305</b>	<b>424 549</b>	<b>714 854</b>
<i>Equity and Index instruments</i>	-	274 869	403 031	677 900
<i>Foreign exchange instruments / securities</i>	-	-	-	-
<i>Other financial instruments</i>	-	15 436	21 518	36 954

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

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

<b>Financial liabilities at fair value through profit or loss</b>	<b>Balance at 01.01.2022</b>	Acquisitions	Change in fair value	Reimbursements	Transfers from L2 to L3	Transfers from L3 to L2	Offsetting of the assets and liabilities	<b>Balance at 30.06.2022</b>
<b><i>Designated at fair value through profit or loss</i></b>	<b>24 301 964</b>	<b>18 366 145</b>	<b>(7 271 016)</b>	<b>(6 481 751)</b>	<b>1 784 710</b>	<b>(3 973 570)</b>	<b>(1 610 262)</b>	<b>25 134 414</b>
Equity and index instruments	16 759 108	16 350 339	(5 956 395)	(5 113 947)	1 635 520	(3 211 882)	(2 096 059)	<b>18 366 684</b>
Commodities securities	217	-	-	(700)	-	-	483	-
Credit derivatives	3 251 908	578 129	(578 088)	(547 870)	143 657	(339 509)	360 516	<b>2 868 743</b>
Foreign exchange instruments	278 240	36 890	(11 881)	(23 937)	3 935	(21 538)	5 502	<b>267 211</b>
Interest rate instruments	3 739 272	1 287 372	(664 074)	(648 617)	944	(399 961)	84 190	<b>3 399 126</b>
Other financial instruments	273 219	113 415	(60 578)	(128 486)	654	(680)	35 106	<b>232 650</b>
<b><i>Trading derivatives</i></b>	<b>424 549</b>	-	<b>235 563</b>	<b>(22 947)</b>	-	-	<b>31 544</b>	<b>668 709</b>
Equity and index instruments	403 031	-	240 508	(15 713)	-	-	26 385	<b>654 211</b>
Other financial instruments	21 518	-	(4 945)	(7 234)	-	-	5 159	<b>14 498</b>

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...).

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

## 10.5.4. The fair value hierarchy of notes issued in RUB

As at 30 June 2022, the Company has issued 206 Notes in ruble (RUB) for a total amount of KEUR 63 715 (as at 31 December 2021, 230 notes for a total amount of KEUR 89 734),

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

<b>Financial liabilities at fair value through profit or loss</b>	<b>Balance at 01.01.2022</b>	Acquisitions	Change in fair value	Reimbursements	Offsetting of the assets and liabilities	<b>Balance at 30.06.2022</b>
<b><i>Designated at fair value through profit or loss</i></b>	<b>89 734</b>	<b>8 607</b>	<b>(14 352)</b>	<b>(29 820)</b>	<b>9 546</b>	<b>63 715</b>
Equity and index instruments	74 625	8 607	(14 574)	(14 572)	7 081	<b>61 167</b>
Credit derivatives	12 707	-	-	(15 248)	2 541	-
Foreign exchange instruments	324	-	206	-	(50)	<b>480</b>
Interest rate instruments	864	-	18	-	-	<b>882</b>
Other financial instruments	1 214	-	(2)	-	(26)	<b>1 186</b>

**Notes to the condensed interim financial statements (continued)**

As at 30 June 2022

**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).

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 2022.

### **APPENDIX III**

#### **REPRODUCTION OF THE PRESS RELEASE DATED 3 AUGUST 2022 CONTAINING THE GUARANTOR'S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

The information set out below is a reproduction of the press release dated 3 August 2022 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2022.

## RESULTS AT JUNE 30<sup>TH</sup>, 2022

### Press release

Paris, August 3<sup>rd</sup>, 2022

### EXCELLENT UNDERLYING PERFORMANCE IN Q2 22 AND H1 22

#### Q2 2022

**Strong revenue growth for all the businesses, up +12.8% vs. Q2 21 (+13.4%\*),** driven by record levels in several businesses

**Good cost control and improvement in the cost to income ratio (61.8%<sup>(1)</sup>)** excluding contribution to the Single Resolution Fund)

**Low cost of risk at 15 basis points,** with a limited level of defaults

**Effective exit from Russia<sup>(2)</sup>: EUR -3.3bn P&L impact before tax and very limited impact on capital**

**Underlying Group net income of EUR 1.5 billion** (EUR -1.5 billion on a reported basis)

**Underlying profitability (ROTE) of 10.5%<sup>(1)</sup>**

#### H1 2022

**Underlying Group net income of EUR 3.1 billion<sup>(1)</sup>** (EUR -640 million on a reported basis), up +16.3% vs. H1 21

**Underlying profitability (ROTE) of 10.8%<sup>(1)</sup>**

### CAPITAL POSITION

**CET 1 ratio of 12.9%<sup>(3)</sup> at end-June 2022,** around 360bp over MDA

**Launch of the 2021 share buyback programme,** for around EUR 915 million

**2022 distribution provision of EUR 1.44 per share<sup>(4)</sup> at end-June 2022**

### STRENGTHENING OF OUR 2025 ESG TARGETS

**Target of EUR 300 billion in sustainable finance** for 2022 to 2025

**Global Best Bank Transition Strategy** (Euromoney Awards for Excellence 2022)

### 2025 FINANCIAL TARGETS

**Revenue growth (above or equal to 3% 2021-2025 CAGR)**

**Improvement in the cost to income ratio (below or equal 62%)**

**Expected profitability of 10% (ROTE)**

**Target CET 1 ratio of 12% post Basel IV**

**Pay-out policy maintained: 50% of underlying Group net income (with a maximum of 40% of the distribution in the form of a share buy-backs<sup>(5)</sup>)**

**Frédéric Oudéa, the Group's Chief Executive Officer, commented:**

"Q2 2022 concluded two years of intense and disciplined execution of our various strategic projects. We have successfully simplified and strengthened the resilience of our business model, transformed our businesses to support the changing needs of our customers and the far-reaching transformations around digital technologies and ESG, and invested in a targeted manner in businesses with strong growth potential. We combined, in H1 2022, strong growth in revenues and underlying profitability above 10% (ROTE) and we were able to manage our exit from the Russian activities without significant capital impact and without handicapping the Group's strategic developments. These dynamics and performances make us confident regarding both the short term, in an undeniably more uncertain environment, and in the medium term. By 2025, having reaped all the benefits of the numerous strategic and operating efficiency initiatives under way, we confirm our ability to deliver profitability of 10% on the basis of a target core Tier 1 capital ratio of 12%, while maintaining an attractive distribution policy for our shareholders."

(1) Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)

(2) Disposal of Rosbank and its Russian subsidiaries

(3) Phased-in ratio (fully-loaded ratio of 12.8%)

(4) On the basis of a distribution of 50% of underlying Group net income after deduction of interest on deeply subordinated notes and undated subordinated notes

(5) After deduction of interest on deeply subordinated notes and undated subordinated notes. Subject to General Meeting of Shareholders and regulatory approval

The footnote \* in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates

# 1. GROUP CONSOLIDATED RESULTS

In EURm	Q2 22	Q2 21	Change		H1 22	H1 21	Change	
Net banking income	7,065	6,261	+12.8%	+13.4%*	14,346	12,506	+14.7%	+14.8%*
Operating expenses	(4,458)	(4,107)	+8.5%	+9.6%*	(9,787)	(8,855)	+10.5%	+11.2%*
Underlying operating expenses <sup>(1)</sup>	(4,590)	(4,225)	+8.6%	+9.6%*	(8,915)	(8,322)	+7.1%	+7.9%*
Gross operating income	2,607	2,154	+21.0%	+20.7%*	4,559	3,651	+24.9%	+23.3%*
Underlying gross operating income <sup>(1)</sup>	2,475	2,036	+21.6%	+21.3%*	5,431	4,184	+29.8%	+28.4%*
Net cost of risk	(217)	(142)	+52.8%	+52.4%*	(778)	(418)	+86.1%	+23.4%*
Operating income	2,390	2,012	+18.8%	+18.5%*	3,781	3,233	+17.0%	+23.2%*
Underlying operating income <sup>(1)</sup>	2,258	1,894	+19.2%	+18.9%*	4,653	3,766	+23.6%	+29.2%*
Net profits or losses from other assets	(3,292)	5	n/s	n/s	(3,290)	11	n/s	n/s
Net income from companies accounted for by the equity method	4	2	+100.0%	+100.0%*	4	5	-20.0%	-20.0%*
Income tax	(327)	(404)	-19.0%	-19.0%*	(680)	(687)	-1.0%	+48.7%*
Net income	(1,225)	1,615	n/s	n/s	(185)	2,562	n/s	n/s
O.w. non-controlling interests	257	176	+46.0%	+43.6%*	455	309	+47.2%	+45.7%*
Reported Group net income	(1,482)	1,439	n/s	n/s	(640)	2,253	n/s	n/s
Underlying Group net income <sup>(1)</sup>	1,505	1,349	+11.5%	+11.0%*	3,079	2,647	+16.3%	+11.1%*
ROE	-12.0%	9.8%			-3.4%	7.5%		
ROTE	-13.5%	11.2%			-3.8%	8.6%		
Underlying ROTE <sup>(1)</sup>	10.5%	10.4%			10.8%	10.2%		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on August 2<sup>nd</sup>, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 2022.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

**On May 18<sup>th</sup>, 2022, the Group withdrew in an orderly and effective manner from Russia** with the finalisation of the disposal of Rosbank and its insurance subsidiaries in Russia. This disposal results in the accounting of a loss in income statement of EUR 3.3 billion before tax, largely absorbed this semester with Group net income share at EUR -640 million. Despite a residual capital impact of -7 basis points over the quarter, the phased in CET 1 ratio remained stable at 12.9% at the end-June 2022.

## Net banking income

**Net banking income was substantially higher in Q2 22, up +12.8% (+13.4%\*) vs. Q2 21**, driven by an excellent performance by all the businesses.

The healthy momentum continued in French Retail Banking, with an increase in net banking income of +8.5% vs. Q2 21 reflecting notably a good commercial momentum, a high level of service fees and a record performance in Private Banking.

International Retail Banking & Financial Services enjoyed strong revenue growth (+21.4%\* vs. Q2 21), driven by a record quarter for ALD and International Retail Banking. As a result, International Retail Banking saw its activities grow +12.7%\* vs. Q2 21. Financial Services' net banking income was substantially higher (+45.1%\* vs. Q2 21) while Insurance net banking income rose +7.9%\* vs. Q2 21.



Global Banking & Investor Solutions once again delivered an excellent performance, with revenues up +18.3% (+16.1%\*) vs. Q2 21. Global Markets & Investor Services was substantially higher (+25.3%, +19.8%\*) than in Q2 21 while Financing & Advisory activities were at a record level, up +14.0% (+9.1%\*) vs. Q2 21.

In H1 22, the Group posted strong revenue growth of +14.7% (+14.8%\*) vs. H1 21, with growth in all the businesses.

### Operating expenses

In Q2 22, operating expenses totalled EUR 4,458 million on a reported basis and EUR 4,590 million on an underlying basis (restated for transformation costs and the linearisation of IFRIC 21), an increase of +8.6% vs. Q2 21.

In H1 22, underlying operating expenses were up +7.1% vs. H1 21 at EUR 8,915 million on an underlying basis (EUR 9,787 million on a reported basis). This rise can be explained primarily by the higher contribution to the Single Resolution Fund (EUR +138 million), the increase in variable remuneration linked to the growth in revenues and the Global Employee Share Ownership Plan (EUR +152 million). The increase in other expenses therefore amounts to EUR +303 million, representing a rise of +3.5% vs. H1 21.

**Driven by a very positive jaws effect**, underlying gross operating income grew substantially in Q2 2022 (+21.6%) to EUR 2,475 million and the underlying cost to income ratio, excluding the Single Resolution Fund, improved by more than 3 points (61.8% vs. 65.1% in Q2 21).

In H1 2022, underlying gross operating income enjoyed a strong growth momentum, up +29.8% vs. H1 21 at EUR 5,431 million.

**The Group now expects an underlying cost to income ratio excluding the Single Resolution Fund of between 64% and 66% in 2022.**

### Cost of risk

**The cost of risk stood at a low level of 15 basis points in Q2 22**, or EUR 217 million, lower than in Q1 22 which included the cost of risk of the Russian activities sold (39 basis points). It breaks down into a limited provision on non-performing loans of EUR 156 million and an additional provision on performing loans of EUR 61 million.

In H1 2022, the cost of risk amounted to 27 basis points.

Offshore exposure to Russia was reduced to EUR 2.6 billion of EAD (*Exposure At Default*) at June 30<sup>th</sup>, 2022. Exposure at risk on this portfolio is estimated at less than EUR 1 billion. The total associated provisions were EUR 377 million at end-June 2022.

Moreover, at end-June 2022, the Group's residual exposure in relation to Rosbank amounted to less than EUR 0.5 billion of EAD, corresponding mainly to guarantees and letters of credit that were recognised under intra-group exposure before the disposal of Rosbank.

The Group's provisions on performing loans amounted to EUR 3,409 million at end-June, an increase of EUR 54 million vs. end-December 2021.

The non-performing loans ratio amounted to 2.8%<sup>(1)</sup> at June 30<sup>th</sup>, 2022, lower than at end-March 2022 (2.9%). The Group's gross coverage ratio for doubtful outstandings was higher at 50%<sup>(2)</sup> at June 30<sup>th</sup>, 2022.

**The cost of risk is still expected to be between 30 and 35 basis points in 2022.**

---

(1) NPL ratio calculated according to the EBA methodology published on July 16<sup>th</sup>, 2019

(2) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

## Group net income

In EURm	Q2 22	Q2 21	H1 22	H1 21
Reported Group net income	(1,482)	1,439	(640)	2,253
Underlying Group net income <sup>(1)</sup>	1,505	1,349	3,079	2,647

In %	Q2 22	Q2 21	H1 22	H1 21
ROTE	-13.5%	11.2%	-3.8%	8.6%
Underlying ROTE <sup>(1)</sup>	10.5%	10.4%	10.8%	10.2%

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Earnings per share amounts to EUR -1.10 in H1 22 (EUR 2.29 in H1 21). Underlying earnings per share amounts to EUR 2.87 over the same period (EUR 2.40 in H1 21).

## 2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 64.6 billion at June 30<sup>th</sup>, 2022 (EUR 65.1 billion at December 31<sup>st</sup>, 2021). Net asset value per share was EUR 67.0 and tangible net asset value per share was EUR 59.4.

The consolidated balance sheet totalled EUR 1,539 billion at June 30<sup>th</sup>, 2022 (EUR 1,464 billion at December 31<sup>st</sup>, 2021). The net amount of customer loan outstandings at June 30<sup>th</sup>, 2022, including lease financing, was EUR 498 billion (EUR 488 billion at December 31<sup>st</sup>, 2021) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 512 billion, vs. EUR 502 billion at December 31<sup>st</sup>, 2021 (excluding assets and securities sold under repurchase agreements).

At July 18<sup>th</sup>, 2022, the parent company had issued EUR 33.7 billion of medium/long-term debt, having an average maturity of 5.2 years and an average spread of 54 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 1.2 billion. In total, the Group had issued EUR 34.9 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 140% at end-June 2022 (141% on average in Q2), vs. 129% at end-December 2021. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 112% at end-June 2022.

The Group's **risk-weighted assets** (RWA) amounted to EUR 367.6 billion at June 30<sup>th</sup>, 2022 (vs. EUR 363.4 billion at end-December 2021) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 84% of the total, at EUR 309 billion, up 1.3% vs. December 31<sup>st</sup>, 2021.

At June 30<sup>th</sup>, 2022, the Group's **Common Equity Tier 1** ratio stood at 12.9%, or around 360 basis points over MDA. The CET1 ratio at June 30<sup>th</sup>, 2022 includes an effect of +9 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 12.8%. The Tier 1 ratio stood at 15.2% at end-June 2022 (15.9% at end-December 2021) and the total capital ratio amounted to 18.5% (18.8% at end-December 2021).

The **leverage ratio** stood at 4.1% at June 30<sup>th</sup>, 2022 (4.9% at end-December 2021) due primarily to the end of the European Central Bank's transitional measures.

With a level of 31.7 % of RWA and 8.4% of leverage exposure at end-June 2022, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2022. At June 30<sup>th</sup>, 2022, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

### 3. FRENCH RETAIL BANKING

In EURm	Q2 22	Q2 21	Change	H1 22	H1 21	Change
Net banking income	2,256	2,080	+8.5%	4,444	4,103	+8.3%
<i>Net banking income excl. PEL/CEL</i>	2,185	2,063	+5.9%	4,350	4,098	+6.1%
Operating expenses	(1,513)	(1,447)	+4.6%	(3,233)	(3,058)	+5.7%
<i>Underlying operating expenses<sup>(1)</sup></i>	(1,571)	(1,489)	+5.5%	(3,120)	(2,972)	+5.0%
Gross operating income	743	633	+17.4%	1,211	1,045	+15.9%
<i>Underlying gross operating income<sup>(1)</sup></i>	614	574	+7.0%	1,230	1,126	+9.2%
Net cost of risk	(21)	(8)	x 2,6	(68)	(137)	-50.4%
Operating income	722	625	+15.5%	1,143	908	+25.9%
Net profits or losses from other assets	3	1	x 3,0	3	4	-25.0%
Reported Group net income	539	454	+18.7%	852	666	+27.9%
<i>Underlying Group net income<sup>(1)</sup></i>	444	412	+7.6%	866	724	+19.5%
RONE	17.5%	15.0%		14.1%	11.0%	
<i>Underlying RONE<sup>(1)</sup></i>	14.4%	13.6%		14.4%	11.9%	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

NB: including Private Banking activities as per Q1 22 restatement (France and international), includes other businesses transferred following the disposal of Lyxor

#### Societe Generale and Cr dit du Nord networks

Average loan outstandings were 3% higher than in Q2 21 at EUR 214 billion. Home loan outstandings rose +4% vs. Q2 21. Medium/long-term loan production for corporate and professional customers was 42% higher than in Q2 21, with the progressive amortisation of State Guaranteed Loans.

Average outstanding balance sheet deposits including BMTN (negotiable medium-term notes) continued to rise (+4% vs. Q2 21) to EUR 243 billion.

As a result, the average loan/deposit ratio stood at 88% in Q2 22 vs. 89% in Q2 21.

Life insurance assets under management<sup>(2)</sup> totalled EUR 110 billion at end-June 2022, up +1% year-on-year. Gross life insurance inflow amounted to EUR 2.2 billion in Q2 22, with the unit-linked share accounting for 34%.

Property/casualty insurance premiums and personal protection insurance premiums were up +4% vs. Q2 21.

#### Boursorama

The bank consolidated its position as the leading online bank in France, with nearly 4 million clients at end-June 2022 (+35% vs. Q2 21), thanks to the onboarding of 357,000 new clients in Q2 22 (x2.1 vs. Q2 21). The transfer of ING's client base led to the acquisition of around 134,000 new clients during the quarter.

Average outstanding loans rose +28% vs. Q2 21 to EUR 15 billion. Home loan outstandings were up +27% vs. Q2 21, while consumer loan outstandings climbed +32% vs. Q2 21.

Average outstanding savings including deposits and financial savings were 19% higher than in Q2 21 at EUR 39 billion, while outstanding deposits were up +31% vs. Q2 21. Brokerage recorded more than 1.5 million transactions in Q2 22.

(2) Total life insurance outstandings after the integration of Private Banking in Q1 22

The ING customer referral process is progressing as expected. At July 22<sup>nd</sup>, the customer acquisition rate was 50% or around 250,000 ING customers out of the 500,000 eligible customers. The outstandings collected totalled around EUR 7 billion, including primarily life insurance outstandings. The exclusive offering reserved for ING customers is set to end in September.

## **Private Banking**

Private Banking activities, which were transferred to French Retail Banking at the beginning of 2022, cover the activities in France and internationally as well as the other activities transferred at the time of the disposal of Lyxor. The business enjoyed strong commercial activity. Assets under management totalled EUR 147 billion, up +0.4% vs. Q2 21. Net inflow was buoyant at EUR 2.6 billion in Q2 22, despite the volatility of the financial markets. Net banking income was therefore at a record level of EUR 334 million in Q2 22, up +23.7% vs. Q2 21.

## **Net banking income excluding PEL/CEL**

**Q2 22:** revenues totalled EUR 2,256 million, up +5.9% vs. Q2 21, when restated for the PEL/CEL provision. Net interest income, excluding PEL/CEL, and other revenues was up +5.0% vs. Q2 21, underpinned by good commercial activity and revaluations of assets held in the portfolio in a buoyant environment, and despite the impact of the rate on the Livret A passbook savings account and still negative rates. Fees increased by +7.1% vs. Q2 21, driven by the good performance of service fees.

**H1 22:** revenues totalled EUR 4,444 million, up +6.1% vs. H1 21, when restated for the PEL/CEL provision. Net interest income, excluding PEL/CEL and other revenues, was up +5.4% vs. H1 21. Fees were 7.0% higher than in H1 21.

## **Operating expenses**

**Q2 22:** operating expenses totalled EUR 1,513 million (+4.6% vs. Q2 21) and EUR 1,571 million on an underlying basis (+5.5% vs. Q2 21). The cost to income ratio stood at 67%, an improvement of 2.5 points vs. Q2 21. The business posted a positive jaws effect.

**H1 22:** operating expenses totalled EUR 3,233 million (+5.7% vs. H1 21). The cost to income ratio stood at 73%, an improvement of 1.8 points vs. H1 21.

## **Cost of risk**

**Q2 22:** the commercial cost of risk amounted to EUR 21 million or 3 basis points, higher than in Q2 21 (1 basis point). The cost of risk was lower than in Q1 22, when it stood at 8 basis points.

**H1 22:** the commercial cost of risk amounted to EUR 68 million or 6 basis points, lower than in H1 21 (12 basis points).

## **Contribution to Group net income**

**Q2 22:** the contribution to Group net income was EUR 539 million in Q2 22, up +18.7% vs. Q2 21 (EUR 454 million in Q2 21). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 14.4% in Q2 22 (18.3% excluding Boursorama).

**H1 22:** the contribution to Group net income was EUR 852 million, up +27.9% vs. H1 21. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 14.4% in H1 22 (11.9% in H1 21).

## 4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q2 22	Q2 21	Change		H1 22	H1 21	Change	
Net banking income	2,304	1,989	+15.8%	+21.4%*	4,527	3,851	+17.6%	+20.4%*
Operating expenses	(1,045)	(1,011)	+3.4%	+9.5%*	(2,228)	(2,100)	+6.1%	+9.0%*
<i>Underlying operating expenses<sup>(1)</sup></i>	<i>(1,075)</i>	<i>(1,035)</i>	+3.9%	+9.9%*	<i>(2,167)</i>	<i>(2,052)</i>	+5.6%	+8.5%*
Gross operating income	1,259	978	+28.7%	+33.5%*	2,299	1,751	+31.3%	+33.9%*
<i>Underlying gross operating income<sup>(1)</sup></i>	<i>1,229</i>	<i>954</i>	+28.8%	+33.7%*	<i>2,360</i>	<i>1,799</i>	+31.2%	+33.8%*
Net cost of risk	(97)	(121)	-19.8%	-19.6%*	(422)	(263)	+60.5%	-11.2%*
Operating income	1,162	857	+35.6%	+41.2%*	1,877	1,488	+26.1%	+51.2%*
Net profits or losses from other assets	8	4	+100.0%	+98.2%*	10	6	+66.7%	+65.3%*
Reported Group net income	694	522	+33.0%	+40.1%*	1,094	914	+19.7%	+39.9%*
<i>Underlying Group net income<sup>(1)</sup></i>	<i>676</i>	<i>508</i>	+33.2%	+40.6%*	<i>1,130</i>	<i>942</i>	+20.0%	+39.5%*
RONE	26.3%	20.6%			20.3%	18.2%		
<i>Underlying RONE<sup>(1)</sup></i>	<i>25.6%</i>	<i>20.0%</i>			<i>20.9%</i>	<i>18.7%</i>		

(1) Adjusted for the linearisation of IFRIC 21

**International Retail Banking's** outstanding loans totalled EUR 85.0 billion, up +5.1%\* vs. Q2 21. Outstanding deposits increased by +3.2%\* vs. Q2 21, to EUR 80.1 billion.

For the Europe scope, outstanding loans were up +6.2%\* vs. end-June 2021 at EUR 61.5 billion, driven by a positive momentum in all the regions: +9.1%\* in the Czech Republic, +8.9%\* in Romania, and +1.8%\* in Western Europe. Outstanding deposits rose +2.6%\* to EUR 54.2 billion.

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans increased by +2.3%\* when adjusted for changes in Group structure and at constant exchange rates. Outstanding deposits continued to enjoy a healthy momentum, up +4.4%\*.

**In the Insurance business**, the life insurance savings business remained at a high level, with outstandings of EUR 131 billion at end-June 2022 and a unit-linked share of 35%, stable vs. June 2021. Gross life insurance savings inflow increased by +0.3%\* in Q2 22 vs. Q2 21, with a substantial share of unit-linked products (44%). Protection insurance saw an increase of +7%\* vs. Q2 21, with a healthy momentum in all geographical regions for property/casualty insurance premiums, which were up +7%\*.

**Financial Services** also enjoyed a very good momentum. Operational Vehicle Leasing and Fleet Management posted record net banking income, up +54%\*, due to the business' good performance and continued very strong demand for used cars. The number of contracts totalled 1.8 million, including 1.4 million financed vehicles, an increase of +5.4% vs. end-June 2021. Equipment Finance outstanding loans were 1.1% higher than at end-June 2021, at EUR 14.5 billion (excluding factoring).

### Net banking income

Net banking income amounted to EUR 2,304 million in Q2 22, up +21.4%\* vs. Q2 21.

**International Retail Banking's** net banking income totalled EUR 1,270 million in Q2 22, an increase of +12.7%\*.

Revenues in Europe climbed +17.2%\* vs. Q2 21, due primarily to substantial growth in net interest income (+21%\* vs. Q2 21), particularly in the Czech Republic (+48%\* vs. Q2 21), as a result of the rise in rates.

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +6.4%\* vs. Q2 21 at EUR 481 million, driven by all the businesses.

**Insurance** posted net banking income up +7.9%\* vs. Q2 21, at EUR 252 million.

**Financial Services'** net banking income was substantially higher (+45.1%\*) than in Q2 21, at EUR 782 million. This performance is due primarily at ALD level to good commercial dynamics, the increase in the

used car sale result (EUR 3,212 per vehicle in H1 22), a depreciation adjustment and, to a lesser extent, the transfer to hyperinflation accounting for activities in Turkey.

### Operating expenses

Operating expenses rose +9.5%\* on a reported basis vs. Q2 21 to EUR 1,045 million, resulting in a substantial positive jaws effect. The cost to income ratio (after linearisation of the IFRIC 21 charge) stood at 46.7% in Q2 22, lower than in Q2 21 (52.0%).

**In International Retail Banking**, operating expenses were 5.1%\* higher than in Q2 21.

In the **Insurance** business, operating expenses rose +6.3%\* vs. Q2 21, with a cost to income ratio (after linearisation of the IFRIC 21 charge) of 39.5%.

In **Financial Services**, operating expenses increased by +22.4%\* vs. Q2 21, generating a very positive jaws effect.

### Cost of risk

**In Q2 22**, the cost of risk was substantially lower at 28 basis points (or EUR 97 million), vs. 92 basis points in Q1 22. It was lower than in Q2 21 (37 basis points). This significant improvement, both sequential and year-on-year, is due to the low level of defaults but also the disposal by the Group of its banking and insurance activities in Russia.

### Contribution to Group net income

The contribution to Group net income totalled EUR 694 million in Q2 22, substantially higher (+40.1%\*) than in Q2 21.

Underlying RONE stood at 25.6% in Q2 22 (vs. 20.0% in Q2 21) and around 26.4% pro forma for the Russian activities sold. In International Retail Banking, underlying RONE was 19.1% (around 20.2% pro forma for the Russian activities sold) and 32.7% in Financial Services and Insurance.



## 5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q2 22	Q2 21	Variation		H1 22	H1 21	Variation	
Net banking income	2,563	2,166	+18.3%	+16.1%*	5,318	4,499	+18.2%	+16.5%*
Operating expenses	(1,565)	(1,498)	+4.5%	+3.4%*	(3,737)	(3,391)	+10.2%	+10.3%*
<i>Underlying operating expenses<sup>(1)</sup></i>	<i>(1,755)</i>	<i>(1,623)</i>	<i>+8.1%</i>	<i>+7.1%*</i>	<i>(3,366)</i>	<i>(3,149)</i>	<i>+6.9%</i>	<i>+7.0%*</i>
Gross operating income	998	668	<b>+49.4%</b>	<b>+43.8%*</b>	<b>1,581</b>	<b>1,108</b>	<b>+42.7%</b>	<b>+34.3%*</b>
<i>Underlying gross operating income<sup>(1)</sup></i>	<i>808</i>	<i>543</i>	<i>+48.9%</i>	<i>+42.1%*</i>	<i>1,952</i>	<i>1,350</i>	<i>+44.6%</i>	<i>+37.5%*</i>
Net cost of risk	(69)	(15)	x 4.6	x 4.2*	(263)	(18)	x 14.6	x 14.2*
Operating income	929	653	<b>+42.3%</b>	<b>+37.1%*</b>	<b>1,318</b>	<b>1,090</b>	<b>+20.9%</b>	<b>+13.7%*</b>
Reported Group net income	742	506	<b>+46.6%</b>	<b>+41.2%*</b>	<b>1,044</b>	<b>853</b>	<b>+22.4%</b>	<b>+15.2%*</b>
<i>Underlying Group net income<sup>(1)</sup></i>	<i>596</i>	<i>410</i>	<i>+45.3%</i>	<i>+38.6%*</i>	<i>1,329</i>	<i>1,039</i>	<i>+27.9%</i>	<i>+21.7%*</i>
RONE	20.3%	14.9%			14.5%	12.6%		
<i>Underlying RONE<sup>(1)</sup></i>	<i>16.3%</i>	<i>12.1%</i>			<i>18.5%</i>	<i>15.4%</i>		

(1) Adjusted for the linearisation of IFRIC 21

NB: excluding Private Banking activities as per Q1 22 restatement (France and International). Excludes businesses transferred following the disposal of Lyxor

### Net banking income

**Global Banking & Investor Solutions** delivered a very solid performance in Q2, with revenues of EUR 2,563 million, significantly higher (+18.3%) than in Q2 21.

In H1 22, revenues rose +18.2% vs. H1 21 (EUR 5,318 million vs. EUR 4,499 million, +16.5%\*).

**In Global Markets & Investor Services**, net banking income totalled EUR 1,742 million in Q2 22 (+25.3% vs. Q2 21). It amounted to EUR 3,707 million in H1 22, up +21.9% vs. H1 21 (+17.3%\*).

Global Markets turned in a strong performance in Q2 22 (EUR 1,516 million), up +23.3% vs. Q2 21, benefiting from dynamic commercial activity in all the businesses and regions in a volatile environment. Revenues were higher in H1 22 (+21.7%) than in H1 21 at EUR 3,293 million.

The Equity activity enjoyed an excellent quarter (EUR 833 million, +7.5% vs. Q2 21), driven by strong client demand, particularly in equity derivatives and prime services. Revenues were up +13.8% in H1 22 vs. H1 21 at EUR 1,843 million.

Fixed Income & Currency activities posted substantially higher revenues (+50% vs. Q2 21) at EUR 683 million in an environment of rising rates. Revenues increased to EUR 1,450 million in H1 22 (+33.6% vs. H1 21).

Securities Services posted a significant increase in revenues in Q2 (+41.0% vs. Q2 21), to EUR 226 million. Revenues were up +23.6% in H1 22 vs. H1 21 at EUR 414 million. Securities Services' assets under custody and assets under administration amounted to EUR 4,277 billion and EUR 627 billion respectively.

**Financing & Advisory** posted revenues of EUR 821 million, up +14.0% vs. Q2 21. They amounted to EUR 1,611 million in H1 22, significantly higher (+18.9%) than in H1 21.

The Global Banking & Advisory business, up +11.1% vs. Q2 21, capitalised on the good market momentum, particularly in activities related to Natural Resources and Infrastructure. These performances were also driven by the strategy focused on Environmental, Social and global Governance criteria. The Asset-Backed Products platform enjoyed strong growth in Q2. Investment Banking was resilient in Q2, despite a decline in capital markets given the uncertainty related to the war in Ukraine and inflationary pressures.



Global Transaction and Payment Services continued to experience very high growth, up +29.1% vs. Q2 21, primarily on the back of the increase in rates and volumes.

### **Operating expenses**

Operating expenses totalled EUR 1,565 million in Q2 22, an increase of +4.5% vs. Q2 21 on a reported basis, and +8.1% on an underlying basis. The increase on an underlying basis can be explained primarily by the rise of EUR 65 million in linearised IFRIC 21 charges in Q2.

With a substantial positive jaws effect, the underlying cost to income ratio excluding the contribution to the Single Resolution Fund improved significantly to 62.2%.

Operating expenses were up +10.2% on a reported basis and +6.9% on an underlying basis in H1 22.

### **Cost of risk**

The cost of risk amounted to 16 basis points (or EUR 69 million) in Q2 22, with cost of risk amounting to EUR 108 million on the Russian offshore portfolio.

It stood at 30 basis points (or EUR 263 million) in H1 22 given the provisioning on the Russian offshore portfolio (EUR 260 million).

### **Contribution to Group net income**

The contribution to Group net income was EUR 742 million on a reported basis and EUR 596 million on an underlying basis in Q2 22 (+45.3% vs. Q2 21). It was EUR 1,044 million on a reported basis and EUR 1,329 million on an underlying basis in H1 22.

Global Banking & Investor Solutions posted a substantial underlying RONE of 16.3% in Q2 22, a significant improvement compared with the RONE of 12.1% in Q2 21. RONE stood at 20.6% excluding the contribution to the Single Resolution Fund. The underlying RONE was 18.5% in H1 22 vs. 15.4% in H1 21.

## 6. CORPORATE CENTRE

In EURm	Q2 22	Q2 21	H1 22	H1 21
Net banking income	(58)	26	57	53
Operating expenses	(335)	(151)	(589)	(306)
<i>Underlying operating expenses<sup>(1)</sup></i>	<i>(189)</i>	<i>(78)</i>	<i>(262)</i>	<i>(149)</i>
Gross operating income	(393)	(125)	(532)	(253)
<i>Underlying gross operating income<sup>(1)</sup></i>	<i>(247)</i>	<i>(52)</i>	<i>(205)</i>	<i>(96)</i>
Net cost of risk	(30)	2	(25)	-
Net profits or losses from other assets	(3,303)	-	(3,303)	1
Income tax	321	124	333	160
Reported Group net income	(3,457)	(43)	(3,630)	(180)
<i>Underlying Group net income<sup>(1)</sup></i>	<i>(264)</i>	<i>7</i>	<i>(315)</i>	<i>(62)</i>

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects as well as certain costs incurred by the Group not re-invoiced to the businesses.

**The Corporate Centre's net banking income totalled EUR -58 million** in Q2 22 vs. EUR +26 million in Q2 21, and EUR +57 million in H1 22 vs. EUR +53 million in H1 21.

**Operating expenses totalled EUR 335 million** in Q2 22 vs. EUR 151 million in Q2 21. They include the Group's transformation costs for a total amount of EUR 159 million relating to the activities of French Retail Banking (EUR 97 million), Global Banking & Investor Solutions (EUR 25 million) and the Corporate Centre (EUR 37 million). Underlying costs came to EUR 189 million in Q2 22 compared to EUR 78 million in Q2 21. They were impacted in particular by the costs related to the Global Employee Share Ownership Plan for EUR 44 million.

In H1 22, operating expenses totalled EUR 589 million vs. EUR 306 million in H1 21. Transformation costs totalled EUR 302 million (EUR 201 million for the activities of French Retail Banking, EUR 39 million for Global Banking & Investor Solutions and EUR 62 million for the Corporate Centre). Underlying costs came to EUR 262 million in H1 22 compared to EUR 149 million in H1 21.

**Gross operating income totalled EUR -393 million** in Q2 22 vs. EUR -125 million in Q2 21. Underlying gross operating income came to EUR -247 million in Q2 22 vs. EUR -52 million in Q2 21. In H1 22, gross operating income was EUR -532 million on a reported basis (vs. EUR -253 million in H1 21) and EUR -205 million on an underlying basis (vs. EUR -96 million in H1 21).

The book loss related to the disposal of Rosbank and the insurance activities in Russia is recognised under net losses from other assets for an amount of around **EUR -3.3 billion** before tax in Q2 22.

**The Corporate Centre's contribution to Group net income was EUR -3,457 million in Q2 22 vs. EUR -43 million in Q2 21.** The Corporate Centre's contribution to Group net income on an underlying basis was EUR -264 million. In H1 22, the contribution to Group net income was EUR -3,630 million on a reported basis and EUR -315 million on an underlying basis.

## 7. OUTLOOK FOR 2025

After two years of profitable growth during which the Group simplified its business model, undertook far-reaching transformations in accordance with societal changes and invested in its businesses experiencing profitable growth, the Group intends to pursue the execution of its roadmap in a disciplined manner, and is aiming for profitability (ROTE) of 10% and a CET 1 ratio of 12% in 2025. While supporting the growth of its businesses, the Group plans an attractive shareholder distribution of 50% of Group net income<sup>(1)</sup> of which up to 40% of the distribution in share buy-backs<sup>(2)</sup>.

Based on our diversified, balanced and integrated business model, and on our corporate purpose, Societe Generale aims to be the preferred bank of its customers, a leader in sustainable finance, and a resolutely digital company focused on the efficient and responsible use of data.

### ESG issues at the heart of the business model of the Group and its businesses

Societe Generale's ESG ambition is centred on four priorities: supporting customers in their ecological transition, initiating positive transformations locally, being a responsible employer and maintaining a culture of responsibility.

In addition to the acceleration of our sustainable financing targets, increased to EUR 300 billion by 2025, the Group's ESG ambition is also based on a vast training plan for all the Group's employees and proactive support for all customers, large corporates as well as SME, professional and individual customers. Furthermore, the Group is aiming to reduce its CO2 emissions by around 50% between 2019 and 2030.

### Acceleration of digital and technological transformation

The Group wants to accelerate on the digital and technological aspect throughout the value chain. It already has a secure, resilient, and modern IT infrastructure. Our IT strategy aims to better serve our customers in terms of digital offering and customer experience and to continue to increase our efficiency and reactivity. In this respect, the Group is aiming for an IT intensity ratio of between 14% and 15% in 2025.

The Group also wants to build the bank of the future by innovating, through partnerships with start-ups and the development of new, differentiating and value-creating business models. It has already demonstrated its ability to develop and create new business models such as Boursorama.

### Execution of strategic initiatives

The Group's roadmap is essentially based on the strategic initiatives presented to the market over the last few quarters by different businesses and is structured around three pillars: Retail Banking and Insurance, Global Banking & Investor Solutions and Mobility.

**In French Retail Banking & Private Banking**, the merger of the Societe Generale and Crédit du Nord networks aims to create a new reference bank, rooted in the regions, and fully adapted to the new economic and societal paradigms. This new bank, larger and more coherent, will benefit from an upgrade to increase the customer value proposition, accelerate digitalisation, and improve efficiency. Based on the quality and know-how of the franchises, French Retail Banking intends to accelerate the bancassurance model, extend Private Banking's expertise to high-net-worth clients and develop the mobility and ESG offering. This strategy aims to position the bank among the top 3 banks in terms of customer satisfaction, with a cost to income ratio of between 67% and 69% and profitability (RONE) of 10%.

---

(1) After deduction of interest on deeply subordinated notes and undated subordinated notes

(2) Subject to General Meeting of Shareholders and regulatory approval

In recent years, **Boursorama** has demonstrated the quality of its business model, capable of generating strong growth by benefiting from substantial economies of scale. The number of products per customer has also grown significantly over the period. The Group wants to take Boursorama to maturity and establish it as the definitive leader in online banking in France. Boursorama is aiming for net income of around EUR 200 million and profitability (RONE) above 25% under the IRBA in 2025.

The Group is pursuing its ambition of profitable growth in **International Retail Banking** by strengthening its leadership positions in its core geographical regions and capitalising on its strong franchises particularly in the corporate market. The Group is aiming for a cost to income ratio of between 50% and 52% in 2025 and profitability (RONE) above 16% in 2025.

**In Insurance**, the Group wants to strengthen its bancassurance model by capitalising on its leadership positions in life insurance and enhancing its offering in protection insurance with a strong ESG focus. The strengthening of retirement savings and partnerships are also strategic and differentiating areas of development between now and 2025. Insurance intends to achieve a cost to income ratio of around 40% and profitability (RONE) above 25% under IFRS4.

**Mobility** becomes the Group's third pillar with the creation of a major global player resulting from ALD's acquisition of LeasePlan. It represents a key development area for the Group, with estimated annual growth in the fleet of more than 6% following the integration of LeasePlan, a cost to income ratio of around 45%<sup>(1)</sup> and a RONE above 20% in 2025.

In line with the strategic plan presented in May 2021, **Global Banking & Investor Solutions** maintains its ambition to be a major European player with the support of a diversified and resilient business model. It is aiming for a cost to income ratio of between 65% and 68% and profitability (RONE) of between 12% and 14% in 2025.

**Global Markets & Investor Services** is pursuing the strategy initiated in 2021 regarding diversifying, rebalancing activities, and innovation, particularly in ESG and digital technology, in order to consolidate its positions and seize market opportunities. Risk appetite is set to remain stable over the period in accordance with the objective of ensuring greater resilience and predictability of performance. Global Markets' revenues are expected to be within a range of between EUR 4.7 and 5.3 billion.

**Financing & Advisory** is a key development area for the Group, with a target of average annual revenue growth of around 3% over the period 2021-2025. The strengthening of the franchises and the diversification of capital allocation towards the most dynamic sectors, customer segments or geographical regions remains a priority (Technology, Media and Telecoms, healthcare, and renewable energies) in the same way as accelerating the dissemination of ESG throughout the business. The Group is also continuing with its investment towards a more integrated, modular, and open platform in the Global Transaction and Payment businesses.

## 2025 financial targets

Through the execution of strategic initiatives, the selective allocation of capital to the most profitable and fast-growing businesses, and a focus on advisory and fee-generating activities, the Group is aiming for average annual revenue growth above or equal to 3% over the 2021-2025 period based on the lower end of the expected revenue range in Global Markets.

Thanks to the completion of the cost-cutting plans undertaken, the end of the Single Resolution Fund constitution phase and continued strict discipline, the increase in costs is expected to be lower than expected average inflation over the period. On these bases and on the back of revenue growth, the Group is aiming for a cost to income ratio below or equal to 62% in 2025.

---

(1) Calculated at ALD level: Total of operating expenses/gross margin (excluding the used car sale (UCS) result)

Moreover, the cost of risk is expected to be at a normalised level of around 30 basis points in 2025.

In the case of the CET1 ratio, the Group is aiming for a level of 12% in 2025, after taking into account in particular a capital impact from the finalisation of Basel III estimated at around 120 basis points on a fully loaded basis, excluding output floor (or 100 basis points in 2025, taking into account the phase-in), and an attractive shareholder distribution policy.

As a result, the Group's profitability (ROTE) is expected to be 10% in 2025.

## 8. 2022 FINANCIAL CALENDAR

### 2022 and 2023 Financial communication calendar

November 4 <sup>th</sup> , 2022	Third quarter and nine-month 2022 results
February 8 <sup>th</sup> , 2023	Fourth quarter and FY 2022 results
May 12 <sup>th</sup> , 2023	First quarter 2023 results

**The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular, the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.**

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.

These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:

- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, in particular in the Covid-19 crisis and Ukraine war context, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets (in particular, regulatory and prudential changes), and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers.

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

## 9. APPENDIX 1: FINANCIAL DATA

### GROUP NET INCOME BY CORE BUSINESS

In EURm	Q2 22	Q2 21	Variation	H1 22	H1 21	Variation
French Retail Banking	539	454	+18.7%	852	666	+27.9%
International Retail Banking and Financial Services	694	522	+33.0%	1,094	914	+19.7%
Global Banking and Investor Solutions	742	506	+46.6%	1,044	853	+22.4%
<b>Core Businesses</b>	<b>1,975</b>	<b>1,482</b>	<b>+33.3%</b>	<b>2,990</b>	<b>2,433</b>	<b>+22.9%</b>
Corporate Centre	(3,457)	(43)	n/s	(3,630)	(180)	n/s
<b>Group</b>	<b>(1,482)</b>	<b>1,439</b>	<b>n/s</b>	<b>(640)</b>	<b>2,253</b>	<b>n/s</b>

*NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes other activities transferred after the disposal of Lyxor*

## CONSOLIDATED BALANCE SHEET

In EUR m	30.06.2022	31.12.2021
Cash, due from central banks	183,203	179,969
Financial assets at fair value through profit or loss	380,165	342,714
Hedging derivatives	21,851	13,239
Financial assets at fair value through other comprehensive income	42,561	43,450
Securities at amortised cost	19,376	19,371
Due from banks at amortised cost	82,594	55,972
Customer loans at amortised cost	503,718	497,164
Revaluation differences on portfolios hedged against interest rate risk	(565)	131
Investments of insurance companies	162,621	178,898
Tax assets	4,343	4,812
Other assets	101,824	92,898
Non-current assets held for sale	6	27
Deferred profit-sharing	407	-
Investments accounted for using the equity method	111	95
Tangible and intangible fixed assets	32,615	31,968
Goodwill	3,794	3,741
<b>Total</b>	<b>1,538,624</b>	<b>1,464,449</b>

In EUR m	30.06.2022	31.12.2021
Due to central banks	9,868	5,152
Financial liabilities at fair value through profit or loss	344,131	307,563
Hedging derivatives	32,133	10,425
Debt securities issued	133,679	135,324
Due to banks	147,871	139,177
Customer deposits	519,431	509,133
Revaluation differences on portfolios hedged against interest rate risk	(6,148)	2,832
Tax liabilities	1,609	1,577
Other liabilities	120,517	106,305
Non-current liabilities held for sale	-	1
Insurance contracts related liabilities	143,435	155,288
Provisions	4,914	4,850
Subordinated debts	17,074	15,959
<b>Total liabilities</b>	<b>1,468,514</b>	<b>1,393,586</b>
<b>Shareholder's equity</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity, Group share</b>	<b>-</b>	<b>-</b>
Issued common stocks and capital reserves	21,735	21,913
Other equity instruments	7,534	7,534
Retained earnings	34,676	30,631
Net income	(640)	5,641
<b>Sub-total</b>	<b>63,305</b>	<b>65,719</b>
Unrealised or deferred capital gains and losses	1,277	(652)
<b>Sub-total equity, Group share</b>	<b>64,582</b>	<b>65,067</b>
Non-controlling interests	5,528	5,796
<b>Total equity</b>	<b>70,110</b>	<b>70,863</b>
<b>Total</b>	<b>1,538,624</b>	<b>1,464,449</b>



## 10. APPENDIX 2: METHODOLOGY

**1 – The financial information presented for the financial year ending June 30<sup>th</sup>, 2022 was approved by the Board of Directors on August 2<sup>nd</sup>, 2022.** It has been prepared in accordance with IFRS as adopted in the European Union and applicable at this date. The limited review procedures on the condensed interim financial statements at June 30<sup>th</sup>, 2022 carried by the Statutory Auditors are currently underway.

### 2 - Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2022 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

### 3 - Operating expenses

Operating expenses are defined on page 41 of Societe Generale's 2022 Universal Registration Document. The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2022 Universal Registration Document.

### 4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e., a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

## 5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

in EUR m	H1 22	H1 21	Q2 22	Q2 21
<b>Exceptional operating expenses (-)</b>	<b>872</b>	<b>533</b>	<b>(132)</b>	<b>(118)</b>
IFRIC linearisation	570	398	(291)	(203)
Transformation costs <sup>(1)</sup>	302	135	159	85
<i>Of which related to French Retail Banking</i>	201	60	97	38
<i>Of which related to Global Banking &amp; Investor Solutions</i>	39	43	25	26
<i>Of which related to Corporate Centre</i>	62	32	37	21
<b>Exceptional Net profit or losses from other assets (+/-)</b>	<b>(3,303)</b>	<b>0</b>	<b>(3,303)</b>	<b>0</b>
Net losses from the disposal of Russian activities <sup>(1)</sup>	(3,300)		(3,300)	
Net losses from the disposal of Lyxor <sup>(1)</sup>	(3)		(3)	
<b>Total exceptional items (pre-tax)</b>	<b>4,175</b>	<b>533</b>	<b>3,171</b>	<b>(118)</b>
Reported Net income - Group Share	(640)	2,253	(1,482)	1,439
<b>Total exceptional items - Group share (post-tax)</b>	<b>3,719</b>	<b>394</b>	<b>2,987</b>	<b>(90)</b>
Underlying Net income - Group Share	3,079	2,647	1,505	1,349
<i>(1) Allocated to Corporate Centre</i>				

## 6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 663 of Societe Generale's 2022 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q2 22	Q2 21	H1 22	H1 21
French Retail Banking	Net Cost Of Risk	21	8	68	137
	Gross loan Outstandings	245,710	234,643	244,177	234,298
	Cost of Risk in bp	3	1	6	12
International Retail Banking and Financial Services	Net Cost Of Risk	97	121	422	263
	Gross loan Outstandings	141,075	131,344	140,811	130,770
	Cost of Risk in bp	28	37	60	40
Global Banking and Investor Solutions	Net Cost Of Risk	69	15	263	18
	Gross loan Outstandings	176,934	145,302	173,842	141,803
	Cost of Risk in bp	16	4	30	3
Corporate Centre	Net Cost Of Risk	30	(2)	25	0
	Gross loan Outstandings	14,943	13,561	14,678	13,262
	Cost of Risk in bp	79	(4)	34	0
Societe Generale Group	Net Cost Of Risk	217	142	778	418
	Gross loan Outstandings	578,662	524,849	573,508	520,133
	Cost of Risk in bp	15	11	27	16

*NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes other activities transferred after the disposal of Lyxor*

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

## 7 - ROE, ROTE, RONE

The notion of ROE (Return On Equity) and ROTE (Return On Tangible Equity), as well as the methodology for calculating it, are specified on pages 43 and 44 of Societe Generale's 2022 Universal Registration Document. This measure makes it possible to assess return on equity and Societe Generale's return on tangible equity.

RONE (*Return on Normative Equity*) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2022 Universal Registration Document.

The net result by the group retained for the numerator of the ratio is the net profit attributable to the accounting group adjusted by the interest to be paid on TSS & TSDI, interest paid to the holders of TSS & TSDI amortization of premiums issues and the impairment of goodwill.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

## ROTE calculation: calculation methodology

End of period (in EURm)	Q2 22	Q2 21	H1 22	H1 21
<b>Shareholders' equity Group share</b>	<b>64,583</b>	<b>63,136</b>	<b>64,583</b>	<b>63,136</b>
Deeply subordinated notes	(8,683)	(8,905)	(8,683)	(8,905)
Undated subordinated notes	-	(62)	-	(62)
Interest of deeply & undated subordinated notes, issue premium amortisations <sup>(1)</sup>	(8)	(1)	(8)	(1)
OCI excluding conversion reserves	854	(699)	854	(699)
Distribution provision <sup>(2)</sup>	(1,193)	(1,021)	(1,193)	(1,021)
Distribution for N-1	(914)	-	(914)	-
<b>ROE equity end-of-period</b>	<b>54,638</b>	<b>52,448</b>	<b>54,638</b>	<b>52,448</b>
<b>Average ROE equity*</b>	<b>54,833</b>	<b>52,161</b>	<b>54,751</b>	<b>51,856</b>
Average Goodwill	(3,646)	(3,927)	(3,636)	(3,928)
Average Intangible Assets	(2,723)	(2,542)	(2,738)	(2,524)
<b>Average ROTE equity*</b>	<b>48,464</b>	<b>45,692</b>	<b>48,377</b>	<b>45,404</b>
<b>Group net Income</b>	<b>(1,482)</b>	<b>1,439</b>	<b>(640)</b>	<b>2,253</b>
Interest on deeply subordinated notes and undated subordinated notes	(159)	(165)	(278)	(309)
Cancellation of goodwill impairment	-	-	2	-
<b>Adjusted Group net Income</b>	<b>(1,641)</b>	<b>1,274</b>	<b>(916)</b>	<b>1,944</b>
Average ROTE equity*	48,464	45,692	48,377	45,404
<b>ROTE</b>	<b>-13.5%</b>	<b>11.2%</b>	<b>-3.8%</b>	<b>8.6%</b>
<b>Underlying Group net income</b>	<b>1,505</b>	<b>1,349</b>	<b>3,079</b>	<b>2,647</b>
Interest on deeply subordinated notes and undated subordinated notes	(159)	(165)	(278)	(309)
Cancellation of goodwill impairment	-	-	2	-
<b>Adjusted Underlying Group net Income</b>	<b>1,346</b>	<b>1,184</b>	<b>2,803</b>	<b>2,338</b>
Average ROTE equity (underlying)*	51,451	45,602	52,096	45,797
<b>Underlying ROTE</b>	<b>10.5%</b>	<b>10.4%</b>	<b>10.8%</b>	<b>10.2%</b>

(1) Interest net of tax, payable or paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations

(2) The dividend to be paid is calculated based on a pay-out ratio of 50% of the underlying Group net income, after deduction of deeply subordinated notes and on undated subordinated notes

(\*) Amounts restated compared with the financial statements published in 2020 (See Note 1.7 of the financial statements)

## RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EURm	Q2 22	Q2 21	Change	H1 22	H1 21	Change
French Retail Banking	12,295	12,116	+1.5%	12,058	12,162	-0.9%
International Retail Banking and Financial Services	10,570	10,158	+4.1%	10,794	10,058	+7.3%
Global Banking and Investor Solutions	14,642	13,581	+7.8%	14,386	13,492	+6.6%
<b>Core Businesses</b>	<b>37,507</b>	<b>35,857</b>	<b>+4.6%</b>	<b>37,238</b>	<b>35,713</b>	<b>+4.3%</b>
Corporate Center	17,326	16,306	+6.3%	17,513	16,144	+8.5%
<b>Group</b>	<b>54,833</b>	<b>52,161</b>	<b>+5.1%</b>	<b>54,751</b>	<b>51,856</b>	<b>+5.6%</b>

NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes other activities transferred after the disposal of Lyxor

## 8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2022 Universal Registration Document. The items used to calculate them are presented below:

End of period (in EURm)	H1 22	Q1 22	2021
Shareholders' equity Group share	64,583	65,852	65,067
Deeply subordinated notes	(8,683)	(8,178)	(8,003)
Undated subordinated notes			
Interest of deeply & undated subordinated notes, issue premium amortisations <sup>(1)</sup>	(8)	(65)	20
Book value of own shares in trading portfolio	(222)	(78)	37
<b>Net Asset Value</b>	<b>55,669</b>	<b>57,531</b>	<b>57,121</b>
Goodwill	(3,667)	(3,624)	(3,624)
Intangible Assets	(2,672)	(2,773)	(2,733)
<b>Net Tangible Asset Value</b>	<b>49,330</b>	<b>51,134</b>	<b>50,764</b>
Number of shares used to calculate NAPS*	831,045	831,044	831,162
Net Asset Value per Share	67.0	69.2	68.7
Net Tangible Asset Value per Share	59.4	61.5	61.1

*(1) Interest net of tax, payable or paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations*

*(\*) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group.*

*In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.*

## 9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2022 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2022 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	H1 22	Q1 22	2021
Existing shares	842,540	845,248	853,371
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	6,041	6,021	3,861
Other own shares and treasury shares	5,416	8,124	3,249
Number of shares used to calculate EPS*	831,084	831,103	846,261
Group net Income	(640)	842	5,641
Interest on deeply subordinated notes and undated subordinated notes	(278)	(119)	(590)
Capital gain net of tax on partial buybacks			
Adjusted Group net income	(918)	723	5,051
EPS (in EUR)	(1.10)	0.87	5.97
Underlying EPS** (in EUR)	2.87	1.00	5.52

(\*) Calculated on the basis of underlying Group net income (excluding linearisation of IFRIC 21).

(\*\*) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group.

**10 - The Societe Generale Group's Common Equity Tier 1 capital** is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website [www.societegenerale.com](http://www.societegenerale.com) in the "Investor" section.

---

## Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 117,000 members of staff in 66 countries and supports on a daily basis 25 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, Credit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services**, with networks in Africa, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

In case of doubt regarding the authenticity of this press release, please go to the end of [Societe Generale's newsroom page](#) where official Press Releases sent by Societe Generale can be certified using blockchain technology. A link will allow you to check the document's legitimacy directly on the web page.

Key figures as of 30 June 2022.

For more information, you can follow us on Twitter [@societegenerale](#) or visit our website [www.societegenerale.com](http://www.societegenerale.com).

---

**REGISTERED OFFICE OF THE ISSUER**

**SG Issuer**  
16, Boulevard Royal  
L-2449 Luxembourg  
Luxembourg

**REGISTERED OFFICE OF THE GUARANTOR**

**Société Générale**  
29, boulevard Haussmann  
75009 Paris  
France

**ISSUER'S AUDITORS**

**Ernst & Young Société Anonyme**  
35E, avenue John F. Kennedy  
L-1855 Luxembourg  
Luxembourg

**GUARANTOR'S AUDITORS**

**Ernst & Young et  
Autres**  
Tour First  
TSA 14444  
92037 Paris-La  
Défense Cedex  
France

**Deloitte & Associés**  
6, place de la Pyramide  
92908 Paris-La Défense  
Cedex  
France

**WARRANT AGENT**

**THE CENTRAL DEPOSITORY (PTE) LIMITED**

11 North Buona Vista Drive  
#06-07 The Metropolis Tower 2  
Singapore 138589

**LEGAL ADVISERS TO THE ISSUER**

*(as to Singapore law)*

**ALLEN & GLEDHILL LLP**  
One Marina Boulevard #28-00  
Singapore 018989