Exane SA

Société Anonyme

6, rue Ménars
75002 Paris

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2021

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

MAZARS

Commissaire aux Comptes

Membre de la Compagnie régionale de Versailles
61, rue Henri Regnault
92400 Courbevoie

DELOITTE & ASSOCIES

Commissaire aux Comptes

Membre de la Compagnie régionale de Versailles
6 Place de la Pyramide
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Exane SA

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75002 Paris

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2021

To the annual general meeting of Exane SA,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Exane SA for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements rules required by the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1st, 2021 to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you that the assessments which, in our professional judgment, were of most significance in our audit of the consolidated financial statements addressed the appropriateness of the accounting principles applied, the reasonableness of the significant estimates used and the overall presentation of the financial statements, in particular in respect of:

Valuation of financial instruments

As described in Note 2.3.2 « Derivatives » to the consolidated financial statements, your company uses internal models to value its financial instruments which are not traded on active markets. Our procedures consisted in reviewing the control framework of the models used, assessing the data and the assumptions used, and ensuring that the risks and results related to these financial instruments have been taken into account.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Courbevoie and Paris-La Défense, April 4, 2022

The Statutory Auditors

French original signed by

Mazars	*Deloitte & Associés*
Gilles DUNAND-ROUX	*Charlotte VANDEPUTTE*

Consolidated financial statements

Financial year ended 31 December 2021

Assets (in thousands of euros)	Note	31/12/21	31/12/20
Cash and amounts due from central banks and post office banks		84 506	84 530
Financial assets at fair value through profit or loss	5.1	2 853 528	2 887 562
Loans and receivables due from credit institutions (at amortised cost)	5.2	343 631	531 719
Current and deferred tax assets	5.3	26 670	73 539
Accrued income and other assets	5.4	794 308	1 103 451
Non-current assets held for sale	5.5	8 112	
Equity-method investments	5.6	79 717	
Property, plant and equipment	5.7	79 997	45 188
Intangible assets	5.7	2 738	5 801
Total assets		**4 273 208**	**4 731 790**

Liabilities and equity (in thousands of euros)	Note	31/12/21	31/12/20
Financial liabilities at fair value through profit or loss	5.1	2 451 394	2 910 281
Due to credit institutions (at amortised cost)	5.2	461 787	500 456
Current and deferred tax liabilities	5.3	26 039	24 187
Accrued expenses and other liabilities	5.4	789 473	865 730
Non-current liabilities held for sale	5.5	5 316	
Provisions for contingencies and charges	5.8	41 696	44 013
Total liabilities		**3 775 707**	**4 344 667**
Share capital and additional paid-in capital		40 690	40 690
Retained earnings		331 142	312 970
Change in assets and liabilities recognised directly in equity		(6 312)	(3 643)
Net income for the period		131 981	19 548
Shareholders' equity	5.9	**497 501**	**369 565**
Minority interests		**0**	**17 558**
Total equity		**497 501**	**387 123**
Total liabilities and equity		**4 273 208**	**4 731 790**

Consolidated profit and loss account
Financial year ended 31 December 2021

(in thousands of euros)	Note	31/12/2021 restated IFRS5	31/12/20	31/12/2020 restated IFRS5
Interest income	6.1	14 632	14 252	14 252
Interest expenses	6.1	(6 658)	(14 382)	(14 382)
Commission income	6.2	293 643	328 734	312 967
Commission expenses	6.2	(81 021)	(80 488)	(77 212)
Net gain/loss on financial instruments at fair value through profit or loss	6.3	124 476	53 569	53 747
Income from other activities	6.4	52 803	49 327	49 327
Expenses on other activities	6.4	(702)	(1 092)	(1 092)
Net banking income		**397 174**	**349 920**	**337 608**
Operating expenses	6.5	(286 124)	(298 757)	(286 568)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	6.6	(17 869)	(15 860)	(15 860)
Gross operating income		**93 181**	**35 303**	**35 180**
Share of earnings of equity-method entities	6.7	4 744		
Net gain on non-current assets	6.8	54 942		
Pre-tax income		**152 866**	**35 303**	**35 180**
Corporate income tax	6.9	(23 325)	(10 631)	(10 128)
Net income of countinued activities		**129 541**		**25 053**
Net income from activities held for sale		**2 439**		**(381)**
Net income		**131 981**	**24 672**	**24 672**
Minority interests		0	(5 124)	(5 124)
Net income, Group share		**131 981**	**19 548**	**19 548**
Basic earnings per share (euros)		731,06	108,28	108,28

Statement of net income and changes in assets and liabilities recognised directly in equity

(in thousands of euros)	31/12/2021 restated IFRS5	31/12/20	31/12/2020 restated IFRS5
Net income attributable to equity shareholders (1)	**131 981**	**19 548**	**19 548**
Changes in value of employee benefits obligations	(2 669)	(1 151)	(1 151)
Profit and loss generated by sale of consolidated shares without loss of control	(123)	(117)	(117)
Other changes in shareholders' equity	-1 252	20	20
Total gain/loss directly in equity and attributable to equity shareholders (2)	**-4 044**	**(1 248)**	**-1 248**
Net income and gain/loss directly in equity, attributable to equity shareholders	131 981	23 424	23 424
Net income and gain/loss directly in equity,minority interests		(5 124)	(5 124)
Total net income and gain/loss recognised directly in equity (1+2)	**127 937**	**18 300**	**18 300**

Amounts are displayed net of tax.

Cash-flow statement

Financial year ended 31 December 2021

(in thousands of euros)		31/12/2021 restated IFRS5	31/12/2020 restated IFRS5	31/12/20
Operating activities				
Pre-tax net income		**152 866**	**35 180**	**35 303**
Non-monetary items included in pre-tax net income and other adjustments		**15 214**	**13 645**	**13 645**
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets		**17 869**	**15 860**	15 860
Net addition to provisions		- 2 317	- 2 563	- 2 563
Net income or loss from financing activities		- 338	348	348
Net increase/decrease in cash related to assets and liabilities generated by operating activities		**- 187 935**	**734 357**	**730 046**
Net increase/decrease in cash related to transactions with credit institutions		159 713	37 250	37 250
Net increase/decrease in cash related to transactions with customers		- 36 051	- 149 061	- 149 061
Net increase/decrease in cash related to transactions involving other financial assets and liabilities		- 424 853	926 342	926 342
Net increase/decrease in cash related to transactions involving non-financial assets and liabilities		136 579	- 70 046	- 73 854
Taxes paid		- 23 325	- 10 128	- 10 631
Net increase/decrease in cash and equivalents generated by operating activities	**(a)**	**- 19 856**	**783 182**	**778 994**
Investing activities				
Net increase/decrease related to property, plant and equipment and intangible assets		- 49 615	- 12 965	- 12 965
Net increase/decrease related to non consolidated companies		- 79 717		
Net increase/decrease related to discountinued activities		3 451	- 4 188	
Net increase/decrease in cash and equivalents generated by investing activities	**(b)**	**- 125 881**	**- 17 153**	**- 12 965**
Financing activities				
Net increase/decrease in cash and equivalents related to transactions with shareholders		- 4 044	- 6 372	- 6 372
Net increase/decrease in cash and equivalents generated by financing activities	**(c)**	**-4 044**	**-6 372**	**-6 372**
Net increase/decrease in cash and equivalents	**(a+b+c)**	**-149 779**	**759 657**	**759 657**
Balance of cash and equivalent accounts at the beginning of the period				
Cash and amounts due from central banks and post office banks	(d)	84 528	84 495	84 495
Demand deposits/loans with/from credit institutions	(e)	31 977	-727 647	-727 647
Balance of cash and equivalent accounts at the end of the period				
Cash and amounts due from central banks and post office banks	(f)	84 506	84 528	84 528
Demand deposits/loans with/from credit institutions	(g)	-117 780	31 977	31 977
Net increase/decrease in cash and equivalents	**(f+g)-(d+e)**	**-149 779**	**759 657**	**759 657**

Changes in shareholders' equity

From 1 January 2020 to 31 December 2021

(in thousands of euros)	Capital and retained earnings		Retained earnings - Group share	Total gain/loss recognised directly in equity	Net income - Group share	Total equity - Group share	Total equity - Minority interests	Total shareholders' equity
	Capital	Share premiums and retained earnings						
Capital and retained earnings at 1 January 2020	**30 693**	**9 997**	**290 978**	**-2 375**	**21 972**	**351 265**	**15 160**	**366 425**
Appropriation of net income for 2019			21 972		-21 972			0
Dividends paid							-1 911	-1 911
Movements related to shareholders' items			**21 972**		**-21 972**	**0**	**-1 911**	**-1 911**
2020 Net income					19 548	19 548	5 124	24 672
Changes in minority interests				-117		-117	-811	-928
Actuarial gains and losses related to defined pension plans				-1 151		-1 151		-1 151
Other movements			20			20	-4	16
Capital and retained earnings at 31 December 2020	**30 693**	**9 997**	**312 970**	**-3 643**	**19 548**	**369 565**	**17 558**	**387 123**
Appropriation of net income for 2020			19 548		-19 548			0
Dividends paid								0
Movements related to shareholders' items			**19 548**		**-19 548**	**0**	**0**	**0**
2021 Net income					131 981	131 981		131 981
Changes in minority interests			-1 375			-1 375		-1 375
Actuarial gains and losses related to defined pension plans				-2 668		-2 668		-2 668
Other movements							-17 558	-17 558
Capital and retained earnings at 31 December 2021	**30 693**	**9 997**	**331 142**	**-6 312**	**131 981**	**497 501**	**0**	**497 501**

Notes to the Consolidated Financial Statements

Financial year ended 31 December 2021

The consolidated financial statements are those of the entities described in note 2.4.4, and hereafter referred to as "the Exane Group".

1. Profile

Founded in 1990, the Exane Group specialises in three businesses:

• **Cash Equities**

Under the brand name Exane BNP Paribas, the Cash Equities Department offers all services of research, sales, execution and Equity Capital Market on European equities for institutional and corporate clients.

• **Derivatives**

Exane Derivatives, a subsidiary of Exane, specialises in:
- the sale and market making of listed derivatives, convertible bonds and credit products,
- the issuance, trading and management of structured products,
- the brokerage of listed derivative products.

• **Asset Management**

Exane Asset Management (Exane AM), a subsidiary of Exane and authorised in France by the AMF, offers the Group's third-party fund management on underlying equities.

Ellipsis Asset Management (Ellipsis AM), a subsidiary of Exane SA and approved by the AMF, sold to Kepler Chevreux on January 31, 2022, offers convertible, credit and diversified fund management.

Ixios, a subsidiary of Exane Derivatives and approved by the AMF, sold to its management on November 24, 2021, offers thematic fund management.

Exane is a "société anonyme" (stock corporation) with a capital of 30,691,800 euros. Its Trade and Company Registry is Paris 342 040 268. It was represented by Nicolas Chanut until July 13, 2021. Since July 13, 2021, it has been represented by Mr.Alain Papiasse, Chairman of the Board of Directors. The Company's registered office is located at 6, rue Ménars, 75002 Paris.

The consolidated financial statements of the firms that constitute the Group (hereafter referred to as the Consolidated Financial Statements) , were approved by the Board of Directors on 16 March 2022.

Evolution of the Group in 2021

A Memorandum of Understanding granting exclusivity regarding the negotiation of the sale of Verner Investissements shares to BNP Paribas (Exane's controlling holding company) was signed s in March 2021. The deed of sale was signed on April 24, 2021 and the transaction was completed after satisfaction of the conditions precedent set out in the Share Purchase Agreement on July 13, 2021. Since July 13, 2021, the BNP Paribas Group owns 100% of Verner Investissements, the controlling holding company of the Exane Group.

The management company Ixios was sold on November 24, 2021.

The closing of the Ellipsis Transaction occurred on the 31st of January 2022, after satisfaction of the condition precedents set out in the Ellipsis share purchase agreement entered into on the 12th of October 2021.

In accordance with IFRS 5, the income, assets and liabilities of these entities are presented separately on the face of the statement of financial position.

In the second half of 2021, the Group ceased to control Exane Asset Management, in particular with regard to the rights it holds within its corporate bodies, and partially withdrew from its capital. The participating interest is now 50%.

The investment in this company, previously fully consolidated, is therefore accounted for by the equity method in the consolidated financial statements at December 31, 2021.

The impacts are presented in sections 5.6, 6.7 and 6.8.

Post -closing events

The crisis in Ukraine occurred in 2022. It has no effect on the accounts as of 31 December 2021. The Group will follow its evolution with attention.

2. Accounting principles and methods

The main accounting methods applied when preparing the consolidated financial statements are described hereafter. Unless otherwise indicated, they have been applied in a consistent manner, in respect of all the financial statements presented in this document.

2.1. Application of International Financial Reporting Standards (IFRS)

The consolidated financial statements have been prepared in accordance with IAS/IFRS rules and interpretations issued by IFRIC, as adopted for the use in the European Union and applicable at 31 December 2021.

The Group has not anticipated the application of new standards, amendments adopted by the European Union (EU) when the application in 2021 is optional.

Applicable accounting standards :

- IFRS 5 Non-current assets held for sale
- IFRS 9 Financial instruments
- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases

The implementation of these accounting standards has no significant impact on the Group's financial statements.

▲ IFRS 5 Non-current assets held for sale

A non-current asset (or group of assets) is held for sale when the Group is committed to a sale plan involving loss of control of a subsidiary and the sale is highly probable within 12 months.

A sale is highly probable if :
- a plan to sale the asset (or group of assets) involving active commercialization is underway at management level ;
- a non-binding offer has been received from at least one potential buyer ;
- significant changes to the plan are unlikely to be made or the plan is unlikely to be withdrawn.

The assets concerned are shown on the line "non-current assets held for sale". Once classified in this category, assets and liabilities are measured at fair value less costs to sell. Liabilities associated with these assets are also shown separately in the balance sheet on a dedicated line.

▲ IFRS 9 Financial Instruments

The impact of IFRS 9 on the consolidated financial statements as at 31 December 2021 is as follows:

- Classification and measurement

Financial assets at fair value through profit or loss under IAS 39 remain in this category under IFRS9.

Shares in internal funds previously at fair value per option as well as shares in external funds previously classified as AFS are now recorded under IFRS9 at fair value through profit and loss.

Loans and receivables, amounts due to credit institutions and securities lending / borrowing transactions continue to be reported at amortized cost under IFRS 9.

Under IFRS9, there is no change for financial liabilities at fair value through profit or loss by option without any own credit value adjustment.

The fair value of financial assets reported in other comprehensive income under IAS 39 is now recorded in fair value through profit or loss under IFRS 9. This accounting treatment is related to non-compliance with SPPI criteria of the financial assets concerned.

- Impairment

In accordance with IFRS9, the simplified method has been applied to measure expected credit losses on trade receivables without impact for the Group. Moreover, under IFRS9 provision and depreciation on eligible financial assets have no material impact for the Group.

- Hedge accounting

The hedge accounting requirements in IFRS 9 have no impact for the Group as there is no hedging relationship within the Group.

▲ IFRS 15 Revenue from contracts with customers

IFRS 15 defines a single model for recognizing revenue based on five-step principles. These five steps make it possible to identify distinct performance obligations included in the contracts and to allocate them a transaction price. The related revenue is recognized when the performance obligations are satisfied, which means when the control of the good or service has been transferred.
The price of a service may contain a variable component.
Variable amounts can only be recognized in profit and loss if it is likely that the amounts recorded will not give rise to a significant downward adjustment.

The implementation of this accounting standard has no significant impact on the Group’s financial statements.

▲ IFRS 16 Leases

IFRS 16 “Leases”, issued in January 2016, supersedes IAS 17 “Leases” and the interpretations related to the accounting of leases starting on 1 January 2019.

The Group has decided to use the retrospective simplified method that allows it not to review the financial information, and to register the right-of- use not from the inception of the leases but at the date of the first implementation of the regulation.

The Group has used the main simplification measures allowed by IFRS16, in particular the non-recognition of a right-of-use asset for small value and short-term leases from first implementation. It has also applied the rules applicable to contracts identified as leases under IAS17 and IFRIC 4.

The Exane Group has opted for a right of use asset equal to the amount of the rental debt.

The new definition of leases relies on both the identification of an asset and the right of use of the underlying asset by the lessee.

For the lessee, IFRS16 requires the recognition in the balance sheet of all leases, based on a right of use over the underlying asset recorded under fixed assets, along with the recognition of a financial liability for the rent and the other payments made over the lease period. The right of use asset is amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period.

The implementation of IFRS16 results in an increase in the assets and liabilities related to the leases previously recorded as operating leases. For the Group, this impact will mainly come from property leases (offices, headquarters) in France and abroad.

The profit and loss account is impacted by the replacement of rents previously recorded on a straight-line basis in general operating expenses an increase in the amortisation charges associated with the right of use asset and, to a lesser extent, an increase in interests charges relating to lease debts.

Actuarial rates applied to leases obligations are the marginal interest rates of loans on the residual duration of leases.

The impacts of IFRS16 on the financial statements are presented under paragraph 5.6.

2.2. Presentation of financial statements

The Group uses the templates for financial statements recommended by the ANC (n°2017-24 -2 June 2017, balance sheet, income statement, statement of changes in shareholders' equity, cash-flow statement).

The consolidated financial statements have been prepared on a historical cost basis, except in the case of "Financial instruments at fair value through profit or loss".

The financial statements are presented in euros and the amounts disclosed are rounded to the nearest thousand, unless otherwise indicated.

2.3. Accounting principles and methods

Financial assets and liabilities comply with IFRS 9 as adopted by the European Commission (EC) on 22 November 2016.

The Group classifies its financial assets into the following categories: "assets at fair value through profit or loss", "assets measured at amortised cost (loans and receivables)" and "assets at fair value through other comprehensive income (OCI)". As at 31 December 2021, no financial assets were measured through OCI.

Classification and measurement of financial assets will depend on two criteria:

- The business model used to manage financial instruments

The business model refers to how financial instruments are managed as a portfolio to generate cash flows. Business models are assessed on how a group of financial instruments is managed together to achieve a particular business objective. Under IFRS 9, three different business models shall be distinguished:

  - "collecting contractual cash flows model" whose objective is to collect contractual cash flows
  - "collecting contractual cash flows and sales model" whose objective is achieved after both collecting contractual cash flows and selling financial assets
  - "other business models" for other financial assets which cannot be classified under the other models. They include trading activities in which the cash flows of financial assets will be realized by selling them. The perception of contractual flows of assets has only an accessory role in achieving the objective of the economic model.

- The contractual characteristics of the financial instruments

Cash flow characteristic is consistent with amortized cost classification if contractual cash flows of financial asset are solely payment of principal and interest on the principal amount outstanding of basic debt or non-complex debt financial assets.

The Group classifies its financial liabilities into the following categories: “Liabilities at fair value through profit or loss” and “liabilities measured at amortized cost (other liabilities)”.

▲ Financial assets at fair value through profit or loss

According to IFRS9, financial assets at fair value through profit or loss are those held for trading and those held for investment in internal or external UCITS.

Financial assets under this classification must comply with these characteristics:

- Contractual cash flows that cannot be considered as a basic debt financial assets (non-compliance with solely payment of principal and interest (SPPI criterion))
- Contractual cash flows that comply with SPPI criterion, but financial assets are held within an "other business model", including trading activities in which cash flows will result from selling financial assets.

Derivative financial instruments are also deemed to be held for trading unless they are to be used for hedging purposes.

Financial assets at fair value through profit or loss are recognised at fair value at inception, except for transaction costs which are directly taken to the profit and loss account. At the financial year end, they are measured at fair value and changes in fair value are recognised in profit and loss.

▲ Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss may be:

- financial liabilities issued for trading purposes, or
- financial liabilities measured at the fair value option.

Financial liabilities are recognised at their fair value when they are recorded in the balance sheet for the first time. Transaction costs are recorded directly in the profit and loss account. At the financial year end, they are recognised at their fair value and changes are recognised in the profit and loss account.

▲ Financial assets and liabilities at amortized cost

Financial assets and liabilities under this classification must comply with two characteristics:

- Compliance with SPPI criterion
- Compliance with the collecting contractual cash flows business model

This classification mainly includes deposit paid on security borrowing and deposit received on security lending recorded under loans and receivables due from credit institutions and debt due to credit institutions.

2.3.1 Securities and loans and receivables

▲ Securities lending / borrowing transactions

Borrowed securities when collateralised by other securities are recorded specifically on the balance sheet as "Financial assets at fair value through profit or loss". The related debt is recorded as a liability under "Financial liabilities at fair value through profit or loss". These two sub-accounts of the trading portfolio are revalued at fair value at the end of the period.

There is no derecognition of the lent securities secured by cash collateral and no recognition of the borrowed securities secured by cash.

Securities borrowed and secured by cash collateral are booked as "Deposits paid or received on debt securities/securities borrowings" allocated to "Loans and receivables". They are not valued at fair value at period end.

▲ Loans and receivables

Loans and receivables are non-derivative financial assets with determined or determinable payments not quoted on an active market, except those acquired with the intention of selling them in the short term which have to be classified in assets held for trading.

“Loans and receivables due from credit institutions” and “Loans and receivables due from customers” are recorded at acquisition cost equal to their fair value, including transaction fees, and thereafter recorded at amortised cost adjusted for any impairment.

▲ Valuation

Variable-income and fixed-income securities (equities, UCITS shares and other variable-income and fixed-income securities) in the trading and seed money portfolio are valued:

- at the last known quoted price for securities traded on an active and liquid market at the balance sheet date,
- or, when no quotation is available, at a price determined with the use of a valuation model (based on observable or non-observable parameters).

▲ Recording date

Accounting category	Recording date
Financial assets at fair value through profit or loss	Trade date
Repurchase agreements	Settlement/delivery date
Lent securities sales	Settlement/delivery date

▲ Due to credit institutions and due to customers

Amounts due to credit institutions and to customers are recorded at their original fair value, including transaction fees. They are subsequently carried at amortised cost with global interest rate method.

▲ Distinction between liabilities and shareholders’ equity

A debt instrument, or a financial liability, is a contractual obligation to:

- deliver cash or another financial asset,
- trade instruments under potentially unfavourable conditions.

An equity instrument is a contract evidencing a residual interest in a company after deduction of all its liabilities (net assets).

Financial instruments issued by the Group are considered as equity instruments when the Group has no obligation to pay cash or to exchange a fixed number of its own shares for a fixed amount of cash.

The Group has not issued any hybrid financial instruments including both shareholders’ equity and liability components.

2.3.2 Derivatives

Derivatives instruments are financial instruments or other contracts with the following three characteristics:

- Their value changes according to the variation of an interest rate, the price of a financial instrument, the price of a commodity, an exchange rate, a price or rate index, a credit rating or index, or other specified variable called the “underlying”;
- They do not require any initial net investment or an initial net investment that is lower than would be required for other types of contracts that would be expected to behave similarly to changing market factors;
- Their settlement is at a future date.

Derivatives are recorded in the balance sheet at fair value at inception of the transaction. They are either held for trading purposes or used for hedging purposes.

At the financial year end, derivatives are measured at fair value and changes are recorded in the profit and loss account.

▲ Valuation of financial instruments

Options

• Organised markets

Call or put premiums on options bought or sold on organised markets are booked separately in assets and liabilities on the balance sheet. At each balance sheet date, these instruments are measured at the last quoted price published by compensation firms or brokers. Valuation changes are recorded under income or expenses in the profit and loss account.

In order to cancel out the profit and loss impact of unexplained price discrepancies that may occur at market close, the difference between the last quoted price and the theoretical price of the instrument, which is calculated with the use of an internal model and uniform market parameters for all transactions, is recorded as an unrealised gain or loss. The price is submitted to the Group’s Risk Management Department for formal approval.

• Over-the-counter markets

Premiums on OTC options are recognised separately in assets and liabilities on the balance sheet. Changes in the value of the options are recorded directly in the profit and loss account.

Financial instruments are priced based on internal models in the absence of organised markets. The price is submitted to the Group’s Risk Management Department for formal approval.

Futures and forwards

• Organised markets

Positive and negative margins arising from settled or unsettled transactions carried out on futures markets are recognised in the profit and loss account.

In order to cancel out the profit and loss impact of unexplained price discrepancies that may occur at market close, the difference between the last quoted price and the theoretical price of the instrument, which is calculated with the use of an internal model and uniform market parameters for all transactions, is recorded as an unrealised gain or loss. The price is submitted to the Group’s Risk Management Department for formal approval.

• Over-the-counter markets

Financial instruments are priced based on internal models in the absence of organised markets. The price is submitted to the Group’s Risk Management Department for formal approval.

▲ Recognition of margins on structured financial instruments at inception

Under IFRS9, margins on structured products and complex financial instruments may be recognised at inception only if these financial instruments can be reliably valued. This condition is met if these instruments are valued using prices in an active market or based on "standard" internal valuation models which refer to observable market data.

Some long-maturity or illiquid complex financial instruments, generally bespoke products, are valued with the use of internal models whose parameters are partly non-observable on reference markets.

When the valuation is based on non-observable data and/or non-standard models, the initial margin generated by the placement of these complex financial instruments is not considered fixed; it is then deferred and amortised to the profit and loss account generally over the period during which the market data is deemed to be non-observable.

2.3.3 Accrued income / expenses and other assets / liabilities

Settlement accounts related to market transactions are primarily composed of trading and settlement accounts that record, in euros and at the acquisition price, securities traded for financial counterparties, i.e. brokers, financial institutions and credit institutions, and whose settlement operations are still outstanding.

Purchase and sale accounts used to record euro-denominated transactions with the same counterparty, as well as current accounts, are offset. Purchase and sale accounts used to record foreign currency-denominated transactions with the same counterparty are offset separately.

These accounts are also used to record outstanding coupon/dividend payments with those counterparties.

2.3.4 Provisions

A provision is recorded:
- if the Group has an implicit or legal obligation stemming from a past event;
- when the Group may be forced to use economic resources to settle this obligation;
- and when the amount of the provision can reliably be estimated.

The provisions recorded in liabilities on the balance sheet, except for those related to market activities, cover employee benefit obligations and litigations.

The amount set aside represents the best estimate of the expense needed to settle the obligation. In the absence of such an expense, the estimates are revalued when the effect is material.

2.3.5 Recognition of income and expenses

▲ Net interest margin

The Group includes in "Interest income" and "Interest expenses" all income and expenses from demand account, financial loans and borrowings, OTC collaterals, as well as deposits related to securities lending/borrowing.

▲ Net gain / loss on financial instruments at fair value through profit or loss

"Net gain/loss on financial instruments at fair value through profit or loss" includes profit and loss items related to financial instruments held for trading and financial instruments considered by the Group to be valuable at fair value through profit or loss.

At each balance sheet date, they are valued at fair value and the changes in fair value are displayed in the profit and loss account as well as fixed-income securities dividends and unrealised disposal gains and losses under "Net gain/loss on financial instruments at fair value through profit or loss" in the profit and loss account.

2.3.6 Use of property, plant and equipment and intangible assets

▲ Tangible assets

Property, plant and equipment are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service. After the initial recognition, property, plant and equipment are carried at acquisition cost minus depreciation expenses and contingent impairments.

Maintenance fees are recorded in the profit and loss account of the period in which they are incurred. Expenses increasing the future economic benefits related to tangible assets are capitalised and amortised.

Operating property, plant and equipment are used with a view to producing services or for administrative purposes.

The table below shows the different amortisation methods applied by the Group as well as the useful life of the assets at 31 December 2021.

Type of assets	Provisions for impairment - Type and period
Software	Straight line 3 to 8 years
IT & electronics	Straight line 3 years
Telephony systems	Straight line 5 years
Office furniture	Straight line 5 years / lease term
Fixtures	Straight line 5 years / lease term

▲ Software

Costs arising from the acquisition of software licences are recognised as an asset on the basis of costs incurred to acquire and bring into service. These costs are amortised on the basis of the estimated useful life of the software.

Software developed internally by the Exane Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

2.3.7 Leases

The Group companies have entered into leases

Except for contracts with a duration of 12 months or less and for small value contracts, leases entered by the Group are recorded in the balance sheet under assets as rights of use and under liabilities as financial debt relating to rent and other related payments for the duration of the lease. The right of use asset is amortised on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the term of the lease.

The main assumptions used for the valuation of the rights of use and of financial liabilities are as follows:

- lease terms correspond to the non-cancellable period of the lease contracts and, if applicable, renewal periods if it is reasonably certain that the options to renew the lease will be exercised.

- actuarial rates used to calculate the right of use and the financial liabilities are determined for each asset depending on the marginal debt ratio of the lessee at the effective date of the lease.

2.3.8 Current and deferred taxes

In accordance with IAS 12, income tax includes all taxes based on income, whether current or deferred.

IAS 12 defines current tax as “the amount of income taxes payable/recoverable in respect of the taxable profit/loss tax for a period”.

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or a liability in the consolidated balance sheet and its tax base.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets are recognised for all deductible temporary differences only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences can be offset.

Deferred taxes are recognised as tax income or expenses in the profit and loss account except for deferred taxes relating to unrealised gains or losses on available-for-sale assets, which are taken to shareholders’ equity.

2.3.9 Employee benefits

The Group recognises the amount of its retirement benefits and other employee benefits in compliance with the rules defined by the IAS 19 revised standard.

▲ Defined-contribution plans

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer’s contributions payable during the period is recognised as an expense.

▲ Defined-benefit schemes: retirement benefits, pre-retirement benefits and retirement indemnities

Defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

For each period, the commitments related to these schemes are measured on the basis of actuarial, financial and demographic assumptions and by using the projected unit credit method. This method consists in allocating, for each year of work, an expense by employee corresponding to the vested rights.

The actuarial gains and losses resulting from change in assumptions and adjustments linked to the experience regarding post-employment benefits are recognised in other comprehensive income for the net of tax amount. They are never reclassified to profit and loss account.

The actuarial gains or losses related to other long-term employee benefits (long-service awards) are recognised in profit and loss account.

▲ **Deferred compensation**

Deferred compensation is recorded as an expense in the financial year of attribution.

2.4. Consolidation principles and methods

2.4.1 Consolidation scope and methods

The consolidated financial statements include the accounts of Exane and of its French and foreign subsidiaries over which Exane is in a position to govern the financial and operating policies, such control is presumed to exist when the Exane Group owns more than half of the voting rights of an entity.

The consolidation methods are defined by IFRS 10, IAS 28 and IAS31, based on the type of control Exane has over the entities that can be consolidated. They are as follows :

▲ **Full consolidation**

Entities under the exclusive control of the Group are fully consolidated. The Group has exclusive control over a subsidiary where it is in a position to govern the financial and operating policies of the subsidiary so as to obtain benefits from it.

Exclusive control is presumed to exist when the Exane Group owns directly or indirectly, more than half of the voting rights of a company. Minority interests in the net income and in retained earnings are presented separately in the balance sheet.

Subsidiaries are consolidated from the date on which the Group obtains effective control. They are deconsolidated from the date on which the Group no longer has control over them.

Full consolidation consists of replacing the book value of the shares held in the Group's consolidated financial statements with all assets and liabilities carried by the consolidated companies. The amount of minority interests held in the assets and earnings is presented separately in the consolidated financial statements.

▲ **Significant influence**

Companies over which the Group exercices significant influence or associates are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of a company without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting rights of a company.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under "Investments in equity-method entities" and in the relevant component of shareholders' equity. Goodwill recorded on associates is also included under "Equity-method investments"

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount.

Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".
The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events occurring in similar circumstances.

▲ UCITS

UCITS are consolidated when they are controlled by the Group.
The Group considers ownership equal to 50% or above as the control threshold.
Participating interests of less than 50% in the Group's UCITS are recorded at fair value through profit or loss. For participating interests between 20% and 50%, an analysis of the application of IFRS 10 is done.

2.4.2 Closing date

The companies included in the consolidation scope were consolidated based on the financial statements closed off at December 31, 2021.

2.4.3 Consolidation adjustments and eliminations

▲ Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends) are eliminated.
The accounting methods of subsidiaries are in line with those of the Group.

▲ Translation of financial statements expressed in foreign currencies

The consolidated financial statements of the Group are prepared in euros, Exane's functional currency. However, each company within the Group chooses its own functional currency and records its transactions in that currency.

The consolidated financial statements of foreign subsidiaries expressed in foreign currencies (i.e. Exane Incorporated) are translated in euros using the Paris closing exchange rate for assets and liabilities, and the average exchange rate for the profit and loss account.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity. They include unrealised exchange gain or loss resulting from the opening balance sheet and the difference between the conversion of the profit and loss account at the average rate and balance sheet conversion at the closing exchange rate.

The shareholders' equity of Exane Incorporated is fully hedged against foreign exchange risk (efficient hedging). Net forex gains or losses on the hedge are also recorded in shareholders' equity and offset all or part of any translation differences resulting from the consolidation of Exane Incorporated.

Deferred tax is recognised in respect of this hedge since it generates a discrepancy between net income and fiscal year earnings.

2.4.4 Changes in the scope of consolidation

The scope of consolidation of the Exane Group at December 31, 2021 is as follows:

Companies	Countries	Method	31/12/21		31/12/20	
			% of interest	% of capital	% of interest	% of capital
Exane SA	France	GI	100	100	100	100
Exane Derivatives	France	GI	100	100	100	100
Exane Asset Management	France	Equity method (since July 2021)	50	50	77	77
Exane Derivatives Gérance	France	GI	100	100	100	100
Exane Finance	France	GI	100	100	100	100
Exane Participations	France	GI	100	100	100	100
Exane Solutions Luxembourg SA (registered on 19 August 2020)	Luxembourg	GI	100	100	100	100
Exane Incorporated	USA	GI	100	100	100	100

Consolidated companies sold or held for sale	Countries	Method	31/12/21		31/12/20	
			% of interest	% of capital	% of interest	% of capital
Ellipsis Asset Management	France	GI	100	100	100	100
Ellipsis Asset Management Suisse	Swiss	GI	100	100	100	100
Ixios Asset Management	France	GI	-	-	100	100

3. Uses of estimates in the preparation of the financial statements

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expenses in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates. This may have a material effect on the financial statements.

Estimates and judgments, which are continually updated, are based on historical data and on other factors, in particular expectations of future events that are considered reasonable in the view of the circumstances.

Accounting estimates requiring specific assumptions are mainly applied to:

- calculations of the fair value of financial instruments that are not quoted in organised markets and use of internal valuation models which include observable and non-observable data;
- calculations of the fair value of unlisted financial instruments with the use of valuation techniques which include non-observable data. These are classified in “Financial assets at fair value through profit or loss”, or “Financial liabilities at fair value through profit or loss”;
- the measurement of amounts recognised to cover employee benefit obligations, impairment of receivables, and provisions for contingencies and charges.

3.1. Classification of parameters into the “observable” and “non-observable” categories

The classification of parameters as “observable” or “non-observable” must be approved by the Group’s Risk Management Department. The parameters are deemed observable if data is provided regularly by sources which do not include the Front Office. The accuracy of the data is submitted to the Group’s Risk Management Department for approval.

Some complex products, which can only be valued with parameters of correlation or volatility not directly comparable to market data, may be classified in the “non-observable” category.

The maturity of some of these instruments also results in classifying them as “non-observable”.

The instruments under scrutiny are mostly multi-underlying equity derivatives, currency products and commodities.

As stated in the note on accounting principles, the margin at inception is only recognised in profit and loss when the valuation models used are based on market data that are considered “observable”.

3.2. Employee benefits

The measurement of employee benefits takes into account various parameters, such as a discount rate, demographic assumptions, the probability that employees will leave before retirement age, salary inflation, and social security taxes.

3.3. Impairment of receivables

When there is an objective risk of non-recovery, an impairment loss is recognised in the item “Loans and receivables”.

3.4. Provisions

The measurement of provisions may also be based on management estimates.

4. Risk exposure

The Exane Group's activities are divided in four business lines:

• Cash Equities (Research, Sales and Execution),
• Derivatives (Research, Sales, Execution, Trading and Structuring),
• Asset Management with its subsidiary Exane AM,
• and the holding department which invests in internal (Seed Money) and external funds and manages the equity and the liquidity for the Group.

These business lines expose the Group to different types of financial risks, as depicted in the following table:

Business lines	Market	Credit / counterparty	Settlement	Liquidity	Operational
Equity Research					X
Sales & Execution - Equity	X		X	X	X
Derivatives Research					X
Sales & Execution - Derivatives			X		X
Derivatices Trading	X	X		X	X
Fund Investment	X			X	X
Asset Management	X			X	X

The Equity Sales and Execution business carries market, liquidity and settlement risks linked to its facilitation activity and Equity Capital Market activity.

The Derivatives Trading business carries market risks and a significant credit/counterparty risk and liquidity risk. It mainly corresponds to a market activity and a customer-oriented business.

4.1. Financial risks control framework

The Risk Management Department reports directly to the Deputy Chief Executive Officer of Exane SA, who is in charge of central functions of the Group. Its main tasks comprise:

Market risk:
- defining and measuring risk indicators,
- setting limits, monitoring overruns, managing overrun approval,
- validating pricing models,
- validating products and their description in the management system,
- validating valuation parameters,
- calculating and monitoring own funds requirements regarding market risk (based on the standard approach).

Counterparty risk:
- validating any entry into business relations with any new third party (principal, introducing broker, distributor, OTC counterparty, etc.),
- assigning an internal rating,
- monitoring commitments and limits on a daily basis,
- calculating and monitoring own funds requirements regarding counterparty risk (based on the standard approach).

Liquidity risk:

- daily monitoring cash consumption by activities,
- defining and monitoring risk indicators,
- controlling internal liquidity buffer and liquidity assets.

For all financial risks, the Risk Management Department reports on its activities and the results of its controls to the Group Management Risk Committee, the Executive Committee and the Board of Directors.

4.1.1 Market risk

Five market risk measurement processes are carried out daily:

- a calculation of capital requirements according to the standard method defined in the banking regulations,
- a calculation based on a proprietary stress scenario model called Internal Capital Allowance (ICA),
- a normal Value-at-Risk (VaR) and a stressed Value-at-Risk, each calculated on a panel of 250 scenarios of daily changes in market parameters according to the internal model,
- historic and hypothetical stress scenarios meeting the requirements of an internal model,
- a wide range of (Greek) sensitivity measures evaluated against the various market parameters.

The ICA uses the worst-case scenario for each area studied, based on sudden changes, whether simultaneous or not, in interest/exchange rates, the price of underlying assets, volatility, credit, correlations and dividends. Asset decorrelation risk is also included in these calculations.

Derivatives Trading

Derivatives activities are undertaken by the Exane Derivatives entity. This is organised by activity according to the risk profile of the products and structured around four internal units:

- Linear Trading brings together all of the Group's linear derivative trading activities :

  • Market making on Delta One products including securities lending, total return swaps and total return futures, securities repo, index (including sector) forward / futures and dividend repo as well as EFPs (Exchange For Physical),

  • Structuring of products on different underlyings as part of a market making activities, mainly structured Delta One through certificates issued by Exane Finance or Exane Solutions (Luxembourg) SA, these products can also be carried out as swaps;

- Non-Linear Trading covers all the Group's trading activities in optional derivatives:

  • Market making in options products including index and equity options, mini futures, structured products on equities, indices, foreign exchange or commodities.

- The Central Treasury Unit manages the Group’s securities and cash inventory by hedging settlement / delivery risk and regulatory obligations on short sales through securities lending / borrowing, and by monitoring and hedging the Group's refinancing needs through financing transactions.

- Structured brokerage consists of the provision of investment services to clients through the brokerage of structured instruments. As part of its activity, this unit provides investment and related services by entering into transactions in financial instruments to meet the hedging, financing or investment needs of its clients.

These activities are intended to generate an investment and trading margin by minimizing the exposure of the positions taken to market parameters by using very dynamic and proactive management of the risks.

Sales and Execution Cash Equity

The Cash Equity activity provides a complete range of execution services on European equities and listed ETFs markets.
The main activities are:

- "High touch" trading collects orders from customers electronically or by voice. Traders execute those orders primarily using internal execution algorithms.
- Electronic trading collects orders from customers electronically. These orders will be automatically executed on the market or via an execution algorithm, based on instructions predefined by the client.
- Program trading collects orders on equity baskets and executes them mainly using internal execution algorithms.

In some cases, execution may be done with risk-taking by Exane under the facilitation activity (equity and ETF). This involves providing internal and external customers with firm prices, matching customer orders and selling them in the market either live (DMA) or by using execution algorithms or trading algorithms (CRB).

The objective of these activities is to generate executions fees while minimizing losses on positions taken in the context of providing liquidity to clients.

The Equity Capital Market activity provides services on primary market transactions originated by the BNP Paribas teams, for which Exane provides research expertise, distribution capacity and, in some case, a partial investment guarantee.

Seed Money

These investments are done:
- mainly in Seed Money in alternative management funds managed by Exane AM or in funds managed by Ellipsis AM. Seed Money investments are monitored by the Risk Management Department with all risk indicators calculated directly on the assets making up the fund, and,
- in a limited number of external funds (one as at 31 December 2021).

The Group complies with the rules set out in law No.2013-672 of 26 July 2013 of Separation and Regulation of Banking Activities.

4.1.2 Credit / counterparty risk

Credit risk exists with all of the Group's positions in equity instruments and debt securities through issuer risk. These positions are subject to market risk limits.

Counterparty risk is generated by:
- OTC hedging transactions with banks,
- OTC transactions with clients with special internal agreements
- swaps to hedge structured products which are issued by external institutions; these transactions are entered into with highly rated financial organisations,
- securities lending/borrowing related to trading and brokerage activities
- security transaction with settlement free of payment under the facilitation activity.

Each position has an internal limit on the total exposure to issuer risk and counterparty risk. Counterparty risk comprises current and potential risk estimated using the same scenarios as those used in the ICA .

As part of the application of IFRS 13, a valuation adjustment is made on over-the-counter financial instruments in order to account for the credit risk level of the counterparts when the expected fair value of the instruments is positive (CVA), and the Exane level of credit when the expected fair value of the instruments is negative (DVA).

Derivatives transactions

The total amount of notional derivatives transactions was 12,24 million euros as at 31 December 2021.

The notional amount of derivatives only reflects the Group's volume of activity on the financial instruments market, not the market risks related to these instruments.

Positions on forward financial instruments are entered into for the purpose of hedging assets and liabilities and to manage the Group's investment portfolio.

The breakdown by residual maturity is as follows:

in thousands of euros	31/12/21				31/12/20			
	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs
Futures and forwards	**5 613 876**	**3 466 976**	**2 095 389**	**51 511**	**9 301 141**	**5 566 537**	**3 693 604**	**41 000**
Organised markets	**3 256 645**	**2 010 758**	**1 245 887**		**5 488 222**	**3 113 960**	**2 374 262**	
Interest rate instruments	**2 004 696**	1 031 867	972 829		**3 723 344**	1 531 150	2 192 194	
Equity index instruments	**1 095 084**	823 216	271 867		**1 293 712**	1 117 369	176 343	
Single stock based instruments	**148 578**	147 388	1 190		**457 595**	451 870	5 725	
Commodities based instruments	**8 287**	8 287			**13 570**	13 570		
Over-the-counter markets	**2 357 231**	**1 456 218**	**849 502**	**51 511**	**3 812 920**	**2 452 577**	**1 319 342**	**41 000**
Equity index swaps	**245 032**	61 602	173 429	10 000	**579 762**	313 931	252 831	13 000
Single stock equity swaps	**1 355 980**	1 117 238	212 859	25 883	**2 107 276**	1 718 038	381 238	8 000
Interest rate swaps	**721 218**	277 378	431 479	12 361	**1 007 750**	348 172	639 577	20 000
Currency swaps					**86 303**	68 746	17 556	
Commodities swaps	**7 780**		7 780		**28 140**		28 140	
Forward currency instruments					**3 690**	3 690		
Options	**6 630 160**	**5 338 787**	**1 291 303**	**69**	**18 095 539**	**14 470 434**	**3 623 968**	**1 138**
Organised markets	**6 060 955**	**5 062 481**	**998 405**	**69**	**16 623 728**	**13 541 050**	**3 082 295**	**383**
Interest rate options	**18 740**	14 237	4 503		**10 839**		10 839	
Index options	**1 372 206**	1 174 281	197 856	69	**4 416 398**	3 540 756	875 259	383
Single stock options	**4 670 009**	3 873 963	796 046		**12 161 147**	9 964 950	2 196 198	
Commodities options					**31 485**	31 485		
Currency options					**3 860**	3 860		
Over-the-counter markets	**569 204**	**276 306**	**292 898**		**1 471 811**	**929 383**	**541 673**	**755**
Credit default swaps	**71 312**	8 482	62 830		**61 979**	4 075	57 904	
Index options	**13 650**	13 103	547		**240 228**	227 379	12 094	755
Interest rate options	**10 916**	5 000	5 916		**40 596**	23 500	17 096	
Single stock options	**473 327**	249 721	223 606		**1 127 379**	672 800	454 579	
Commodites Options					**1 630**	1 630		
Total	**12 244 035**	**8 805 763**	**3 386 692**	**51 580**	**27 396 681**	**20 036 971**	**7 317 572**	**42 138**

4.1.3 Settlement risk

Settlement risk arises from the Group's Cash Equities and Equity Derivatives businesses. The Risk Management Department carries out a calculation of the following risks every day:

- a specific risk over one, two and three days for a given counterparty and a given security to be settled/delivered;
- a general risk over one, two and three days calculated on all of the transactions to be settled for a given third party.

A limit is assigned with respect to the specific risk and general risk based on the internal credit rating of the third party.

4.1.4 Liquidity risk

Liquidity and refinancing risk is monitored as part of the liquidity policy approved by the Management. The objective is to maintain sufficient available resources, in particular through the available part of BNP Paribas financing line, in order to cover the business activities requirements and to deal with any liquidity crisis.

The Group has a control framework governed by a liquidity risk tolerance policy in accordance with CRD IV:

- Internal liquidity buffer ; liquid asset buffer equal to three months of fixed overheads and the available part of financing lines
- Limits on cash flow indicators and cash consumption by business lines
- Financial management committee overseeing liquidity management.

4.1.5 Valuation control

The valuation policy, whether derivatives instruments are listed on an organised market or OTC traded, is validated by the Risk Management Department.

Instruments valued on the basis of quoted priced are :
- equity shares and similar (CFD, ADR, CI, etc.),
- trackers, funds,
- and commodities futures.

Instruments valued on the basis of a model are:
- index futures,
- listed options,
- vanilla and exotic OTC options,
- convertible bonds,
- structured issues (warrants, EMTN, etc.),
- interest rate swaps,
- performance swaps.

For these instruments, the Risk Management Department validates in-particular:
- valuation models,
- parameters used by these models.

For some exotic instruments, models and parameters cannot be validated by market observations. In this case, in accordance with IFRS standards, the initial margin is reserved and linearly amortised in the profit and loss account. If market data and parameters subsequently become "observable", the remaining deferred margin is recognised immediately in the profit and loss account.

4.2. Operational risks control framework

The Permanent Control and Operational Risk process is managed by the Financial Risks and Permanent Control Director, also coordinator of Group Permanent control, reporting to the Deputy Chief Executive Officer of Exane SA, in charge of central support functions. This process relies on Operational Risk Correspondents within each of the Group's business lines and functions, and has the following missions:

- to ensure the consistency, completeness and effectiveness of the permanent control process relating to non-financial risks, in particular in connection with Compliance and IT Security Departments;
- to monitor operational risk processes at a Group level.

These missions are achieved by:

- maintaining the processes/risks/controls mapping in accordance with the defined methodology;
- checking the adequacy, supporting documentation and correct functioning of control processes, and analysis and monitoring anomalies found;
- analysing the operational incidents report;
- coordinating the follow-up of essential services providers;
- validating, monitoring and closing of the related control action plans;
- reporting its activity and the results of its controls to the Group Management Risk Committee, the Executive Committee and the Board of Directors and its Risks Committee.

The Exane Group applies the standard approach for the calculation of own funds requirements regarding operational risk and is compliant with the qualitative requirements linked to this option through the process described above.

5. Notes to the consolidated balance sheet

5.1. Financial assets and liabilities at fair value through profit or loss

Details of financial assets at fair value through profit or loss

(in thousands of euros)	31/12/21			31/12/20		
	Trading Book	Assets designated at fair value	Total	Trading Book	Assets designated at fair value	Total
Bonds and other debt instruments(1)	**667 408**		**667 408**	**543 086**		**543 086**
Equities and other variable-income securities(2)	**1 942 989**	**7 967**	**1 950 956**	**1 438 807**	**89 386**	**1 528 193**
Trading book derivatives	**235 164**		**235 164**	**816 283**		**816 283**
- Equities and variable-income securities	229 943		229 943	803 284		803 284
- Interest rate derivatives	4 727		4 727	11 721		11 721
- Currency derivatives	215		215	513		513
- Other derivatives	279		279	765		765
Total financial assets at fair value through profit or loss (*)	**2 845 561**	**7 967**	**2 853 528**	**2 798 176**	**89 386**	**2 887 562**

(*) i.e note 5.1.2 Offsetting of financial assets & liabilities.

(1) of which collaterised securities at 31 December 2021: 500,588 thousand euros and at 31 December 2020: 369,749 thousand euros.

(2) of which collaterised securities at 31 December 2021: 250,402 thousand euros and at 31 December 2020: 357,096 thousand euros.

Details of financial liabilities at fair value through profit or loss

(in thousands of euros)	31/12/21			31/12/20		
	Trading Book	Assets designated at fair value	Total	Trading Book	Assets designated at fair value	Total
Debts on borrowed securities and short sale	**48 388**		**48 388**	**197 756**		**197 756**
Debt securities(1)		**2 155 891**	**2 155 891**		**1 909 141**	**1 909 141**
Trading book derivatives	**247 115**		**247 115**	**803 384**		**803 384**
- Equities and variable-income securities	241 713		241 713	791 978		791 978
- Interest rate derivatives	4 295		4 295	7 514		7 514
- Currency derivatives	724		724	3 299		3 299
- Other derivatives	383		383	593		593
Total financial liabilities at fair value through profit or loss (*)	**295 503**	**2 155 891**	**2 451 394**	**1 001 140**	**1 909 141**	**2 910 281**

(*) i.e note 5.1.2 Offsetting of financial assets & liabilities.

(1) of which collaterised securities at 31 December 2021: 555,276 thousand euros and at 31 December 2019: 552,002 thousand euros.

The breakdown of the Group's financial assets and liabilities by residual maturity at 31 December 2021 is as follows:

(in thousands of euros)	Overnight and demand deposits	Overnight (excluded) to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial assets at fair value through profit or loss	**1 962 556**	**3 034**	**16 815**	**149 947**	**256 324**	**464 852**	**2 853 528**
Bonds and other debt securities	11 599	0	3 141	17 986	171 047	463 634	667 407
Equities and other variable-income securities	1 950 957	0	0	0	0	0	1 950 957
Trading book derivatives	0	3 034	13 674	131 961	85 277	1 218	235 164
Financial liabilities at fair value through profit or loss	**48 388**	**24 166**	**45 738**	**357 407**	**449 943**	**1 525 752**	**2 451 394**
Debts on securities	48 388	0	0	0	0	0	48 388
Debt securities	0	20 226	26 083	223 151	362 142	1 524 289	2 155 891
Trading book derivatives	0	3 940	19 655	134 256	87 801	1 463	247 115

5.1.1 Measurement of the fair value of financial instruments

IFRS 13 defines fair value as 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.

Financial instruments are classified into three levels in descending order of the observability of their value and of the inputs used for their valuation:

- Level 1 – Financial instruments with quoted market prices

Level 1 comprises financial instruments with quoted prices in an active market that can be used directly.

- Level 2 – Financial instruments measured using valuation techniques based on observable inputs

This level consists of financial instruments measured by reference to the price of similar instruments quoted in an active market or to identical or similar instruments quoted in a non-active market but for which transaction prices are readily and regularly available on the market or, lastly, instruments measured using valuation techniques based on observable inputs.

- Level 3 – Financial instruments measured using valuation techniques based on non-observable inputs

This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations not based either on observable transaction prices in an identical instrument at the measurement date or observable market data available at the same date.

An instrument is classified in Level 3 if a significant portion of its valuation is based on non-observable inputs.

This level notably comprises complex derivatives with multiple underlyings and derivatives used for issuance of structured products.

In accordance with IFRS 7, all financial instruments whose valuation is significantly influenced by non-observable inputs at the closing date are included in Level 3.

At 31 December 2021, the breakdown by measurement method applied to financial instruments recognised at fair value presented in line with the latest recommendations of IFRS 7 is as follows:

	31/12/21				31/12/20			
(in thousands of euros)	Quoted market price (level 1)	Fair value based on observable data (level 2)	Fair value based on non-observable data (level 3)	Total	Quoted market price (level 1)	Fair value based on observable data (level 2)	Fair value based on non-observable data (level 3)	Total
Financial assets at fair value through profit or loss	**2 795 271**	**30 801**	**27 456**	**2 853 528**	**2 709 902**	**109 381**	**68 279**	**2 887 562**
Bonds and other debt instruments	655 563	10 633	1 212	667 408	519 107	7 570	16 409	543 086
Equities and other variable-income securities	1 947 678	3 277	0	1 950 955	1 525 060	3 133	0	1 528 193
Trading book derivatives	192 030	16 891	26 244	235 165	665 735	98 678	51 870	816 283
Financial liabilities at fair value through profit or loss	**212 064**	**1 973 980**	**265 350**	**2 451 394**	**776 296**	**1 745 862**	**388 123**	**2 910 281**
Debt on borrowed securities and short sale	48 388	0	0	48 388	197 756			197 756
Debt securities	0	1 941 384	214 507	2 155 891		1 591 135	318 006	1 909 141
Trading book derivatives	163 676	32 596	50 843	247 115	578 540	154 727	70 117	803 384
Total	**212 064**	**1 973 980**	**265 350**	**2 451 394**	**776 296**	**1 745 862**	**388 123**	**2 910 281**

Table of change in level 3 financial instruments

For level 3 financial instruments, the following changes occurred between 1 January 2020 and 31 December 2021:

	Financial instruments at fair value through profit or loss held for trading	
(in thousands of euros)	Financial assets	Financial liabilities
Beginning of the period	**68 279**	**388 123**
Valuation impact	2 228	44 487
New deals/issues	3 575	62 788
Settlements	-46 626	-230 047
End of the period	**27 456**	**265 350**

(1) The transfer to the "observable" level depends on the "observability" date by underlying category and product type, and by risk and maturity category. The review of the status and the data of the product can justify a move in the level " non-observable".

Sensitivity of model values to reasonably likely changes in level 3 assumptions

To measure the sensitivity of the fair value of the level 3 portfolio to a change in assumptions, the following scenario was considered:

Parameter	Spot	Volatility	Rate	Correlation	Dividend	Spread
Change	1.5%	- 1 pt	-10 bps	-2.5%	2.5%	-10%

For level 3 financial instruments, the most unfavourable direction is considered in terms of parameters movements.

The potential impact of this scenario on the level 3 portfolio is -2,1 million euros at 31 December 2021 versus -3,7 million euros at 31 December 2020.

Deferred margin on financial instruments measured using techniques based on non-observable inputs (Day One)

Deferred margin on financial instruments (Day One Profit) only concerns the scope of market activities eligible for Level 3.

(in thousands of euros)

Beginning of the period - 31 december 2020	**1 042**
New deals	106
Models variance and non-observable parameters	57
Purchase	-614
Amortisation	-219
End of the period - 31 december 2021	**373**

5.1.2 Offsetting of financial assets and financial liabilities

The following table presents the accounting impacts relating to (i) the amendment of IAS32 that clarifies the rules for offsetting financial assets and liabilities and (ii) the amendment to IFRS7 (disclosures on offsetting of financial assets and financial liabilities). The potential impact of this netting has been determined for OTC derivatives by third party and for listed derivatives by market.

A financial asset and a financial liability are offset and the net balance is recorded in the balance sheet if and only if:

- The Group has a legally enforceable right to offset “in all circumstances” the recognised amounts. Thus, the right to offset must not be contingent upon the occurrence of an event, and must be applicable not only in case of default and/or bankruptcy but also in the normal course of business
- The Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously

Most of the offset derivatives transactions are processed with clearing houses.

On this basis, the Group has determined the impact of offsetting:

- No offsetting is possible on derivatives with physical settlement without a net settlement between a cash flow and a delivery of an underlying security
- Offsetting by market on listed derivatives due to systematic settlement in cash. On the other hand, mark-to-market (“MTM”) and margin calls cannot be offset because they are not symmetrical.

- Offsetting by counterparty, currency and maturity bucket on OTC derivatives.

The impact on the balance sheet at 31 December 2021 is a decrease of 53 million euros versus 115 million euros at 31 December 2020.

	Per Exane Group accounting rules applied			Per IFRS 7 standard	
31/12/2021 **(in thousands of euros)**	**Gross amounts**	**Gross amounts set off on the balance sheet**	**Net amounts presented on the balance sheet**	**Financial instruments received as collaterals**	**Net amounts**
Financial assets at fair value through profit or loss	**2 906 673**	**-53 145**	**2 853 528**		**2 853 528**
- Financial instruments derivatives	*288 309*	*-53 145*	*235 164*		*235 164*
Accrued income and other assets	**794 308**		**794 308**	**-49 334**	**744 974**
- Guarantee deposits paid	*228 716*		*228 716*	*-49 334*	*179 382*
Financial liabilities at fair value through profit or loss	**2 504 539**	**-53 145**	**2 451 394**		**2 451 394**
- Financial instruments derivatives	*300 260*	*-53 145*	*247 115*		*247 115*
Accrued expenses and other liabilities	**789 473**		**789 473**	**-8 967**	**780 506**
- Guarantee deposits received	*9 897*		*9 897*	*-8 967*	*930*

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

5.2. Loans and receivables / debts due from / to credit institutions

(in thousands of euros)	31/12/21	31/12/20
Deposits paid on security borrowing	227 675	378 360
Demand accounts	71 840	106 189
Short-term loans	43 940	47 066
Interest on current accounts	176	104
Loans and receivables due from credit institutions (at amortised cost)	**343 631**	**531 719**
Deposits received on security lending	122 736	267 108
Demand accounts	6 109	34 889
Long-term borrowings	332 391	197 641
Accrued interest	551	818
Debts due to credit institutions (at amortised cost)	**461 787**	**500 456**

The breakdown by residual maturity is as follows:

(in thousands of euros)		Overnight (excluded) to 1 month	Over 5 years	Total
31 December 2021				
Loans and receivables due from/to credit institutions		343 631		**343 631**
Debts due to credit institutions		129 396	332 391	**461 787**
31 December 2020				
Loans and receivables due from/to credit institutions		531 719		**531 719**
Debts due to credit institutions		302 815	197 641	**500 456**

5.3. Current and deferred tax assets and liabilities

(in thousands of euros)	31/12/21	31/12/2020 restated IFRS5	31/12/20
Current tax assets	1 190	1 318	1 318
Deferred tax assets	25 480	70 529	72 221
Total assets	**26 670**	**71 847**	**73 539**
Current tax liabilities	22 279	20 426	20 426
Deferred tax liabilities	3 760	3 760	3 760
Total liabilities	**26 039**	**24 187**	**24 187**

5.4. Accrued income / expenses and other assets / liabilities

(in thousands of euros)	31/12/21	31/12/20
Settlement accounts related to market transactions	400 241	639 028
Guarantee deposits and bank guarantees paid	228 716	322 006
Social and tax assets	19 906	16 819
Accrued income and prepaid expenses	47 906	63 140
Other accrued income and other assets	97 540	62 458
Net asset value	**794 308**	**1 103 451**
Settlement accounts related to market transactions	422 428	537 553
Guarantee deposits received	9 897	35 805
Social and tax liabilities	185 026	179 453
Deferred income and accrued expenses	46 454	46 471
Other accrued expenses and other liabilities	125 667	66 448
Net liability value	**789 473**	**865 730**

5.5. Non-current assets and liabilities – companies held for sale

The assets and liabilities of entities held for sale are recorded at their fair value and include:

(in thousands of euros)	31/12/21
Financial assets at fair value through profit or loss (*)	72
Loans and receivables due from credit institutions (at amortised cost)	3 626
Current and deferred tax assets	860
Other assets	3 554
Non-current assets held for sale	**8 112**
Current and deferred tax liabilities	50
other liabilities	4 032
Provisions	1 235
Non-current liabilities held for sale	**5 316**

5.6. Investments in equity-method entities

This item records the value of the equity-method shares in Exane AM, a company fully consolidated until June 30, 2021.

In the second half of 2021, the Group ceased to control Exane AM, notably with regard to the rights it holds within its corporate bodies, and partially withdrew from its capital. The participating interest is 50%.

The investment in this company, previously fully consolidated, is therefore accounted for by the equity method in the consolidated financial statements as of December 31, 2021.

The change in consolidation method in the second half of 2021 occurred in the context described in the paragraph above, with the Exane group continuing to exercise significant influence over EAM.

The transactions described result in the recognition of the 50% stake in Exane AM in the balance sheet, including goodwill of €46.8 million recognized through profit or loss, and capital gains on disposal in the amount of €9.2 million.

5.7. Property, plant and equipment and intangible assets

(in thousands of euros)	31/12/21			31/12/20
	Gross	Amortisation and provisions	Net	Net
Right-of-use of rent leases (IFRS16)	104 814	-30 800	74 014	37 519
IT and electronics	25 501	-24 613	889	1 391
Furniture, fixtures and telephony system	29 358	-24 264	5 094	6 278
Total property, plant and equipment	**159 674**	**-79 677**	**79 997**	**45 188**
Software	26 177	-23 441	2 737	5 799
Other intangible assets	2 087	-2 085	2	2
Total intangible assets	**28 264**	**-25 526**	**2 738**	**5 801**

The impacts of the IFRS16 are as follows :

(in thousands of euros)	Asset	Liability
Total property, plant and equipment		
Rights-of-use	104 814	
Other liabilities		104 814

(in thousands of euros)	Profit and loss account	
General operating expenses		
Leases	-11 568	
Depreciation, amortisation of intangible assets		
Depreciation rights- of- use		11 568

5.8. Provisions

(in thousands of euros)	31/12/20	New provisions	Write-backs	31/12/21
Provisions	**44 013**	**6 983**	**9 300**	**41 696**

Provisions include provisions for employee benefit obligation (retirement commitments, retirement indemnities) and other long-term benefits (long-term awards), as well as other provisions hedging some potential.

▲ Defined-contribution plans

In the different countries where the Group is located and depending on local regulations, there are different types of defined-contribution plans. In France, retirement is split between the core scheme and the additional plans. In the United Kingdom, the Group has set up a retirement scheme financed by its UK branch. The contributions paid to these schemes are based on a percentage of annual wages and recognised as an expense for the period.

▲ Defined-benefit schemes

In the United States of America, the Group offers only one defined-benefit scheme, for its subsidiary Exane Incorporated. It is based on the acquisition of a pension defined according to the average wage and to the number of years of work.

In France, employees benefit from retirement indemnities.

Post-employment benefits: commitments related to defined-benefit schemes

(in thousands of euros)	31/12/20	New provisions	Write-backs	31/12/21
Net obligation for defined-benefit plans	10 672	2 046		12 718

Change in the present value of the defined-benefit obligation

(in thousands of euros)	31/12/21	31/12/20
Present value of defined-benefit obligation at the beginning of the period	18 709	15 728
Current service cost	1 907	1 773
Expense related to the measurement of the commitments	465	444
Actuarial gains/losses on obligation	4 034	717
Benefits paid	-240	0
Exchange rate impact	1 045	-892
Others	76	938
Present value of defined-benefit obligation at the end of the period	25 995	18 709

Change in the fair value of plan assets

(in thousands of euros)	31/12/21	31/12/20
Present value of plan assets at the beginning of the period	8 037	6 649
Expected return on plan assets	129	341
Actuarial gains/losses on plan assets	1 522	-350
Contributions paid	1 689	1 138
Exchange rate impact	771	-662
Others	1 129	922
Present value of plan assets at the end of the period	13 277	8 037

Components of the cost of defined-benefit plans

(in thousands of euros)	31/12/21	31/12/20
Total expense recognised in staff costs	2002	1514
Service costs for the current period	1 907	1 773
Service costs for previous periods	-240	-363
Expenses related to the measurement of the commitments	465	444
Expected return of plan assets	-129	-341

The discount rates used for the calculation of the employee benefits obligations are as follows:

	31/12/21		31/12/20	
	France	USA	France	USA
Discount rate	1,00%	2,90%	0,35%	2,52%

5.9. Shareholders' equity

(in thousands of euros)	31/12/20	Appropriation of 2020 net income and dividend	Impact of valuation of employee benefits	Others	2021 Net income	31/12/21
Capital	40 690					40 690
Consolidated earnings	312 970	19 548		-1 375		331 143
Gains/losses on equity	-3 643		-2 668			-6 312
2020 net income	19 548	-19 548				0
2021 net income					131 981	131 981
Total	**369 565**	**0**	**-2 668**	**-1 375**	**131 981**	**497 501**

Equity breaks down as follows at 31 December 2021:

	31/12/21		31/12/20	
	Number of shares	% Capital	Number of shares	% Capital
Verner Investissements	180 539	100%	180 539	100%
Others	1	0%	1	0%
Total	**180 540**	**100%**	**180 540**	**100%**

Ordinary shares have a notional value of 170 euros each.

6. Notes to the profit and loss account

6.1. Interest income and expenses

(in thousands of euros)	31/12/21	31/12/20
Demand accounts	36	106
Deposits paid on security borrowing	12 942	11 785
Other interests	1 654	2 361
Interest income	**14 632**	**14 252**
Demand accounts	1 779	2 367
Deposits received on security lending	2 979	8 888
Other loans and cash flows	1 899	3 127
Interest expenses	**6 658**	**14 382**

6.2. Net commission income and expenses

(in thousands of euros)	31/12/21	31/12/20
Security transactions	226 918	265 138
Forward and options contracts	12 416	15 903
Primary market	54 309	31 926
Commission (income)	**293 643**	**312 967**
Security transactions	74 492	68 921
Forward and options contracts	2 134	4 591
Cash flows	4 396	3 699
Commission (expenses)	**81 021**	**77 212**

6.3. Net gain / loss on financial instruments at fair value through profit or loss

(in thousands of euros)	31/12/21	31/12/20
Fixed-income and variable-income securities	357 625	(56 136)
Financial instruments	(233 255)	113 189
Remeasurement of currency positions	106	(3 306)
Net gain/loss on financial instruments at fair value through profit or loss	**124 476**	**53 747**

6.4. Net income and expenses from / on other activities

Income from other activities mainly consists of the fees Exane charges for financial analysis and research and which amounted to 52,8 million euros at December 31,2021 versus 49,3 million euros at December 31, 2020.

6.5. Operating expenses

This item includes “Salary and employee benefit expenses” and “Other operating expenses”.

6.5.1 Salary and employee benefit expenses

(in thousands of euros)	31/12/21	31/12/20
Fixed and variable remuneration	162 121	162 184
Social security taxes	48 651	49 216
Payroll taxes	3 755	3 474
Profit-sharing	2 905	3 651
Total salary and employee benefit expenses	**217 432**	**218 524**

The average workforce of the Exane Group developed as follows:

Number of people employed	31/12/21	31/12/20
Executives	693	718
Supervisors	11	11
Employees	44	48
Average workforce	**748**	**778**

Since there are few corporate officers, giving any information on remuneration granted to the members of the management bodies would result in disclosing individual member’s remuneration. Consequently, this information is not shown in the notes to the financial statements.

6.5.2 Other operating expenses

(in thousands of euros)	31/12/21	31/12/20
Office rent	6 782	4 073
Fees	7 223	5 418
Auditors fees	776	765
Travel and entertainment expenses	2 789	3 037
Sub-contracted IT services	9 636	10 216
Other taxes	5 395	6 041
Other expenses	36 091	38 494
Other operating expenses	**68 692**	**68 044**

"Office rent" is impacted by IFRS16. The rental expense is comprised of amortisation of the right of use of the offices and of the interest expenses relating to the rental debt.

6.6. Depreciation / amortisation expenses

This item discloses depreciation/amortisation expenses on property, plant and equipment and intangible assets. It is impacted as at 31 December 2021 by IFRS16 relating to the amortisation of the right-of-use of offices up to 11,6 million euros versus 9,7 million euros as at 31 December 2020.

6.7. Share of net income of companies accounted for by the equity method

This item records the Group's share in the earnings of Exane Asset Management. Please refer to section 5.6.

6.8. Net gain or loss on other assets

This item records the gains and losses realized on the disposal of the Group's investments in the management companies Exane Asset Management, Ixios AM and Ellipsis AM. This item also records the impact of the change in the method of consolidation of the stake in Exane Asset Management, which was previously fully consolidated and accounted for by the equity method in the consolidated financial statements at 31 December 2021**.**

6.9. Corporate income tax

The composition of the tax charge is as follows:

(in thousands of euros)	31/12/21	31/12/20
Current tax charge	(19 539)	27 289
Deferred tax assets and liabilities	42 863	(16 658)
Total	**23 325**	**10 631**

In compliance with IFRS, the Group recognises deferred taxes for all taxable deductible temporary differences between the tax value of assets and liabilities and their carrying value recognised on the balance sheet. Deferred tax assets are recognised based on the probability that they will be recovered.

The amount of deferred taxes developped as follows:

(in thousands of euros)	31/12/21	31/12/20
Taxable temporary difference	25 480	72 183
Consolidation adjustments	(3 760)	(3 723)
Total	**21 720**	**68 460**
- of which income impact	(42 863)	16 658
- of which reclassification between current and deferred tax (London & Inc)	751	
- of which equity impact	(4 627)	143

Exane SA, Exane Derivatives, Exane Finance, Exane Derivatives Gerance, Ellipsis Asset Management and Ixios Asset Management have each authorised Verner Investissements to be exclusively liable for corporate income tax, so as to calculate the Group's general taxable income, in accordance with Article 223 A of the French Tax Code.

Since July 13, 2021, Verner Investissements has been wholly owned by BNP Paribas, which is itself subject to corporate income tax. As such, the tax consolidation regime will end as of January 1, 2022. The integrated companies have been compensated for their exit from the tax consolidation group.

7. Financing commitments and guarantee commitments

7.1. Financing commitments

The Group's financing commitments mainly consist of the commitments given by BNP Paribas in respect of availability of credit facilities.

At 31 December 2021, these commitments amounted to 1,147 million euros, of which 962 million euros was received from BNP Paribas, versus 1,240 million euros for the year ended 31 December 2020, of which 1,099 million euros was received from BNP Paribas.

7.2. Guarantee commitments

As at 31 December 2021, there are no guarantee commitments.

8. Segment information

8.1. Presentation of business segments and business lines

A business segment is a group of assets and processes engaged in the provision of products and services, and whose risk and profitability is different from the risk and profitability profile of any other business segment.

A geographic area is a group of assets and processes engaged in the provision of products and services in a particular environment, and whose risk and profitability profile is different from the risk and profitability profile of the other economic environments in which the Group's transactions are booked.

The Exane Group is composed of three core businesses:

- **Cash Equities**

Under the brand name Exane BNP Paribas, created in 2004 when the agreement with BNP Paribas was signed, Exane provides institutional investors with a range of services, such as research, sale and execution on European equities.

- **Derivatives**

Exane Derivatives, a subsidiary of Exane, provides its clients with a whole range of tailor-made products, such as structured products and listed and OTC options.

Exane Derivatives serves all investor profiles, particularly private bankers, fund management companies, and institutional investors.

- **Asset management**

Asset Management includes the business of Exane Asset Management.

8.2. Breakdown of revenues by business line

(in millions of euros)	31/12/21	31/12/20
Cash Equities	288	251
Derivatives	85	30
Asset Management	18	75
Others	7	-6
Total	**397**	**350**

8.3. Breakdown of the balance sheet and revenues by geographical zone

Exane Derivatives and Exane SA have branches in the United Kingdom, Switzerland, Italy, Germany, Spain, Sweden. Except for the United Kingdom, the balance sheet total and revenues of these foreign offices are not significant for the Group; therefore they are not presented separately in the tables below.

8.3.1 Breakdown of the balance sheet

(in millions of euros)	31/12/21	31/12/20
France	4 066	4 600
United Kingdom	173	100
USA	34	31
Total	**4 273**	**4 732**

8.3.2 Breakdown of revenues

(in millions of euros)	31/12/21	31/12/20
France	226	194
United Kingdom	140	124
USA	31	32
Total	**397**	**350**